



South Coast Air Quality Management District

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Twelve-Month Rolling Average Price of Compliance Year 2008 NOx RTCs

Monthly Report to Stationary Source Committee

Summary

The current 12-month rolling average price of Compliance Year 2008 NOx RTCs is \$12,144 per ton, which is well below the \$15,000 per ton threshold for reporting the rolling average price to the Governing Board.

Background

The Governing Board amended Rule 2002(f) in January 2005 to reduce Compliance Year 2007 and beyond NOx RTC holdings by 22.5 % over five years (11.7 % in 2007 and additional 2.7 % in each of the years 2008 through 2011) and to convert the 10.8 % adjustment applied over the years 2008 through 2011 to Non-Tradable/Non-Usable RTCs held by the parties which held the RTCs from which they were converted. These amendments further direct the Executive Officer to calculate the 12-month rolling average price of NOx RTCs ("rolling average price") "for all trades for the current compliance year" excluding "RTC transactions reported at no price." In the event that this rolling average price exceeds \$15,000 per ton (\$7.50 per pound), the Executive Officer will report the rolling average price to the Governing Board. If the Governing Board then finds that the rolling average price exceeds \$15,000 per ton it may direct the Executive Officer to convert the annual incremental Non-Tradable/Non-Usable RTCs (2.7 %) back to active, tradable RTCs valid for the compliance year in which Cycle 1 facilities are operating at the time the finding is made. In its resolution amending Rule 2002(f), the Governing Board directed the Executive Officer to report the NOx RTC 12-month rolling average price data to the Stationary Source Committee at least quarterly.

Analysis and Conclusions

Figure I (attached) presents the monthly average cost of Compliance Year 2008 NOx RTCs for each month from January through December 2007, as well as the total volume of compliance Year 2008 NOx RTCs traded in each of those months. The 12-month rolling average price can be calculated from this data by multiplying the average price for each month by the trade volume for that month, summing the results to obtain the total traded value, and dividing the total traded value by the total trade volume for all twelve months. Table I (attached) summarizes the monthly rolling average price data for Compliance Year 2008 RTCs generated to date; this data will be updated on a monthly basis.

The average price of Compliance Year 2008 NOx RTC transactions reported in January through December 2007 is \$12,144 per ton (\$6.07 per pound), well below the \$15,000 per ton threshold specified in Rule 2002(f). Therefore, it is not necessary for the

Executive Officer to report the rolling average price to the Governing Board or for the Governing Board to consider reinstating the incremental NOx RTC adjustment for Compliance Year 2008.

Figure I
 Monthly Average Cost Data for Compliance Year 2008 NOx RTCs Traded January through December 2007

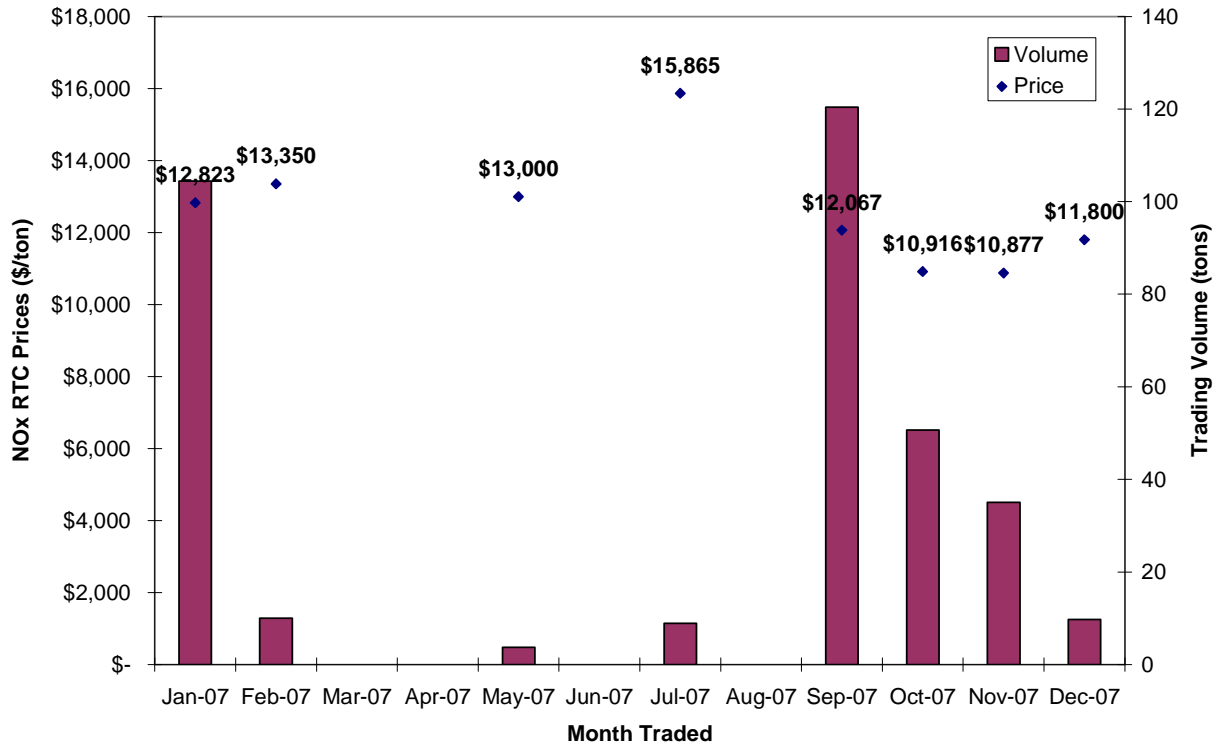


Table I
 Twelve-Month Rolling Average Price Data for Compliance Year 2008 NOx RTCs

Reporting Month	12-Month Period	Average Price
January 2008	January through December 2007	\$12,144 per ton (or \$6.07 per pound)