



ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R01-OAR-2014-0498, FRL-9927-49-Region 1]

Approval and Promulgation of Air Quality Implementation Plans; Connecticut; Approval of NO_x Emission Offset Credits as Single Source SIP Revisions

AGENCY: Environmental Protection Agency (EPA).

ACTION: Direct final rule.

SUMMARY: The Environmental Protection Agency (EPA) is approving a State Implementation Plan (SIP) revision submitted by the State of Connecticut. The revision approves amendments to two existing Trading and Agreement Orders for new source review nitrogen oxides (NO_x) emission offsets at PSEG Power Connecticut's facility in Bridgeport, Connecticut. This action is being taken in accordance with the Clean Air Act.

DATES: This direct final rule will be effective **[Insert date 60 days from date of publication in the Federal Register]**, unless EPA receives adverse comments by **[Insert date 30 days from date of publication in the Federal Register]**. If adverse comments are received, EPA will publish a timely withdrawal of the direct final rule in the Federal Register informing the public that the rule will not take effect.

ADDRESSES: Submit your comments, identified by Docket ID Number EPA-R01-OAR-2014-0498 by one of the following methods:

1. www.regulations.gov : Follow the on-line instructions for submitting comments.
2. E-mail: dahl.donald@epa.gov
3. Fax: (617) 918-0657
4. Mail: “Docket Identification Number EPA-R01-OAR-2014-0498”, Donald Dahl, U.S.

Environmental Protection Agency, EPA New England Regional Office, Office of Ecosystem Protection, Air Permits, Toxics, and Indoor Programs Unit, 5 Post Office Square - Suite 100, (Mail code OEP05-2), Boston, MA 02109-3912.

5. Hand Delivery or Courier. Deliver your comments to: Donald Dahl, Air Permits, Toxics, and Indoor Programs Unit, Office of Ecosystem Protection, U.S. Environmental Protection Agency, EPA New England Regional Office, 5 Post Office Square, 5th floor, (OEP05-2), Boston, MA 02109-3912. Such deliveries are only accepted during the Regional Office’s normal hours of operation. The Regional Office’s official hours of business are Monday through Friday, 8:30 to 4:30 excluding legal holidays.

Instructions: Direct your comments to Docket ID No. EPA-R01-OAR-2014-0498. EPA's policy is that all comments received will be included in the public docket without change and may be made available online at www.regulations.gov, including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit through www.regulations.gov, or e-mail, information that you consider to be CBI or otherwise protected. The www.regulations.gov website is an “anonymous access” systems, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA without going through

www.regulations.gov your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD-ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses.

Docket: All documents in the electronic docket are listed in the www.regulations.gov index. Although listed in the index, some information is not publicly available, i.e., CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically in www.regulations.gov or in hard copy at Office of Ecosystem Protection, U.S. Environmental Protection Agency, EPA New England Regional Office, 5 Post Office Square, Suite 100, Boston, MA. EPA requests that if at all possible, you contact the contact listed in the **FOR FURTHER INFORMATION CONTACT** section to schedule your inspection. The Regional Office's official hours of business are Monday through Friday, 8:30 to 4:30 excluding legal holidays. In addition to the publicly available docket materials available for inspection electronically in the Federal Docket Management System at www.regulations.gov, and the hard copy available at the Regional Office, which are identified in the **ADDRESSES** section of this Federal Register, copies of the state submittals are also available for public inspection during normal business hours, by appointment at the State Air Agency. The Bureau of Air Management, Department of

Energy and Environmental Protection, State Office Building, 79 Elm Street, Hartford, CT
06106-1630.

FOR FURTHER INFORMATION CONTACT: Donald Dahl, Air Permits, Toxics, and
Indoor Programs Unit, Office of Ecosystem Protection, U.S. Environmental Protection Agency,
EPA New England Regional Office, 5 Post Office Square, Suite 100, (OEP05-2), Boston, MA
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SUPPLEMENTARY INFORMATION:

Throughout this document whenever “we,” “us,” or “our” is used, we mean EPA.

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I. What did Connecticut submit as a SIP revision?

On October 31, 2012, the State of Connecticut submitted a formal revision to its State Implementation Plan (SIP). The SIP revision consists of two modifications to existing Trading and Agreement Orders (TAO) issued to PSEG Power Connecticut, LLC. The modified TAOs

are No. 8187 Modification 1 issued to PSEG Power Connecticut, LLC (formerly Wisvest Connecticut LLC.) and No. 8242 Modification 1 issued to PSEG Power Connecticut, LLC. The modified TAOs remove an outdated restriction in the original TAOs No. 8187 and No. 8242 that limited the use of the NO_x offsets to sources that were also subject to a NO_x emission trading program in Section 22a-174-22a or 22a-174-22b of Connecticut's regulations, or another NO_x budget trading program established by another state in accordance with the Ozone Transport Commission Memorandum of Understanding dated September 27, 1994 or 40 CFR Part 96. Connecticut held a public hearing on the proposed SIP revision on October 19, 2012.

II. What is the background for EPA's action in this notice?

EPA approved the original TAO No. 8187 on March 23, 2001 (see 66 FR 16135). This TAO recognized that Wisvest, the owner of Bridgeport Harbor Electric Generating Station at the time, voluntarily reduced actual NO_x emissions from Unit No. 2. The TAO made the voluntary reductions mandatory, thus creating a permanent, enforceable reduction of 816 tons of NO_x emissions at Unit No. 2. Subsequently, these NO_x emission reductions could be used for offsetting NO_x emissions for sources subject to the nonattainment new source review permitting program under Connecticut's Regulation Section 22a-174-3a. As discussed above, TAO No. 8187 also limited the use of the NO_x offsets to sources that were also subject to a NO_x emission trading program in Section 22a-174-22a or 22a-174-22b of Connecticut's regulations, or another NO_x budget trading program established by another state in accordance with the Ozone Transport Commission Memorandum of Understanding dated September 27, 1994 or 40 CFR Part 96.

In late 2001, 424 tons of NO_x offset credits from the original 816 tons were transferred to sources subject to nonattainment new source review in New York and are no longer available for use in Connecticut. Moreover, in late 2001, 192 tons of NO_x offset credits were transferred to a private entity and held for future use.

On December 6, 2002, PSEG purchased Bridgeport Harbor Electric Generating Station from Wisvest along with the remaining 200 tons of the 816 tons NO_x offsets created by TAO No. 8187. To recognize this transaction, Connecticut issued a new TAO (No. 8242) on February 13, 2003 that acknowledged the change in ownership of the facility and the 200 tons of NO_x offsets from Wisvest to PSEG. EPA approved TAO No. 8242 on September 9, 2013 (78 FR 54962). As with the original TAO that created the NO_x offsets (i.e., TAO No. 8187), TAO No. 8242 also limited the use of NO_x offsets for nonattainment new source review to sources that were also subject to a NO_x emission trading program in Section 22a-174-22a or 22a-174-22b of Connecticut's regulations, or another NO_x budget trading program established by another state in accordance with the Ozone Transport Commission Memorandum of Understanding dated September 27, 1994 or 40 CFR Part 96.

Under Connecticut's Regulations for the Abatement of Air Pollution, Section 22a-174-22a was repealed effective September 4, 2007, and Section 22a-174-22b was repealed May 1, 2010. Moreover, with the transition from the Clean Air Interstate Rule (CAIR) to the Cross-State Air Pollution Rule (CSAPR), the State of Connecticut is no longer part of any trading program under 40 CFR Part 96. As such, the original restrictions in TAOs No. 8187 and 8242 are now outdated and would no longer serve the purpose for which they were created.

III. How does Connecticut account for bank emission reduction credits (ERC) in its Ozone SIP?

On February 1, 2008, Connecticut submitted its 2002 to 2008 reasonable further progress (RFP) plans and 2002 base year inventory to EPA as part of its attainment demonstration SIP submittal for the 1997 8-hr ozone standard. On October 14, 2009, Connecticut submitted a revision to the RFP plans which it had originally submitted to EPA on February 1, 2008. The revision consisted of the incorporation of a small number of banked NO_x ERCs into the state's RFP analysis. Those banked NO_x ERCs were incorporated into Connecticut's 2002 and 2008 emission inventories, and included all of the remaining unused portion of the 816 tons of NO_x offsets created under TAO No. 8187 (i.e., the 200 tons of NO_x owned by PSEG under TAO No. 8242, and the 192 tons of NO_x transferred to a private entity in late 2001). The inclusion of the banked ERCs into the RFP analysis did not alter Connecticut's conclusion that it easily meets RFP requirements, and EPA approved Connecticut's RFP plans on August 22, 2012 (77 FR 50595). Since ERCs represent emissions that may occur at some point in the future, banked emissions need to be accounted for in a state's RFP analysis, and Connecticut has properly done that.

IV. What is EPA's analysis of Connecticut's SIP revision?

Today, EPA is approving two modifications to existing TAOs that will allow the NO_x offset credits, originally created in TAO No. 8187, to be used for nonattainment new source review without the additional outdated restrictions contained in the original TAOs No. 8187 and 8242. As described above, Connecticut has properly accounted for the unused portion of the

NO_x offset credits (i.e., 392 tons) from the original TAO No. 8187 in the state's RFP analysis, and thus these credit remain available for future use.

This action does not alter any existing requirements in Connecticut's approved SIP that a facility must meet when using NO_x emission reductions to offset any new permitted emissions. This is important to note since subsection 22a-174-3a(l)(4)(B)(ii) of Connecticut's regulations states that:

“(B) The commissioner shall not grant a permit to an owner or operator of the subject source or modification unless the owner or operator demonstrates that internal offset or certified emission reduction credits pursuant to subparagraph (A) of this subdivision:

(i) ...

(ii) are not otherwise required by any of the following: the Act; a federally enforceable permit or order; the State Implementation Plan; or the regulations or statutes in effect when such application is filed,”

Pursuant to this provision in Section 22a-174-3a, the unused portion of the NO_x emission reduction credits originally created under TAO No. 8187 will need to be adjusted pursuant to subsection 22a-174-22(e)(3) of Connecticut's regulations. This provision in Section 22a-174-22 was adopted by Connecticut after the original issuance of TAO No. 8187 and requires sources such as Unit No. 2 at Bridgeport Harbor Electric Generating Station to meet a NO_x emission limit of 0.15 lbs/MMBtu during the nonozone season. Because the NO_x emission limit for Unit No. 2 became more stringent after the time when the NO_x offset credits were first created, the original number of tons of NO_x offset credits must be adjusted downward to reflect the new, more stringent NO_x emission limit, before a source subject to NNSR may use the credits.

V. Final Action

Pursuant to section 110 of the CAA, EPA is approving Trading and Agreement Orders No. 8187 Modification 1 issued to PSEG Power Connecticut, LLC (formerly Wisvest Connecticut LLC) and 8242 Modification 1 issued to PSEG Power Connecticut, LLC. The EPA is publishing this action without prior proposal because the Agency views this as a noncontroversial amendment and anticipates no adverse comments. However, in the proposed rules section of this Federal Register publication, EPA is publishing a separate document that will serve as the proposal to approve the SIP revision should relevant adverse comments be filed. This rule will be effective **[Insert date 60 days from date of publication in the Federal Register]** without further notice unless the Agency receives relevant adverse comments by **[Insert date 30 days from date of publication in the Federal Register]**.

If the EPA receives such comments, then EPA will publish a notice withdrawing the final rule and informing the public that the rule will not take effect. All public comments received will then be addressed in a subsequent final rule based on the proposed rule. The EPA will not institute a second comment period on the proposed rule. All parties interested in commenting on the proposed rule should do so at this time. If no such comments are received, the public is advised that this rule will be effective on **[Insert date 60 days from date of publication in the Federal Register]** and no further action will be taken on the proposed rule. Please note that if EPA receives adverse comment on an amendment, paragraph, or section of this rule and if that provision may be severed from the remainder of the rule, EPA may adopt as final those provisions of the rule that are not the subject of an adverse comment.

VI. Incorporation by Reference

In this rule, the EPA is finalizing regulatory text that includes incorporation by reference. In accordance with requirements of 1 CFR 51.5, the EPA is finalizing the incorporation by reference of the [State Agency Regulations] described in the amendments to 40 CFR part 52 set forth below. The EPA has made, and will continue to make, these documents generally available electronically through www.regulations.gov and/or in hard copy at the appropriate EPA office (see the ADDRESSES section of this preamble for more information).

VII. Statutory and Executive Order Reviews

Under the Clean Air Act, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the Clean Air Act. Accordingly, this action merely approves state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this action:

- is not a significant regulatory action subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011);
- does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);

- does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);
- does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the Clean Air Act; and
- does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, the SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the rule does not have tribal implications and will not impose substantial direct costs on tribal governments or preempt tribal law as specified by Executive Order 13175 (65 FR 67249, November 9, 2000).

The Congressional Review Act, 5 U.S.C. 801 *et seq.*, as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the

rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this action and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the **Federal Register**. A major rule cannot take effect until 60 days after it is published in the **Federal Register**. This action is not a “major rule” as defined by 5 U.S.C. 804(2).

The Congressional Review Act, 5 U.S.C. 801 *et seq.*, as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. Section 804, however, exempts from section 801 the following types of rules: rules of particular applicability; rules relating to agency management or personnel; and rules of agency organization, procedure, or practice that do not substantially affect the rights or obligations of non-agency parties. 5 U.S.C. 804(3). Because this is a rule of particular applicability, EPA is not required to submit a rule report regarding this action under section 801.

Under section 307(b)(1) of the Clean Air Act, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by **[insert date 60 days from date of publication of this document in the Federal Register]**. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this action for the purposes of judicial review nor does it extend the time within which a petition for judicial review may be filed, and shall not postpone the effectiveness of such rule or action. Parties with objections to this direct final rule are encouraged to file a comment in response to the parallel notice of proposed rulemaking for this

action published in the proposed rules section of this **Federal Register**, rather than file an immediate petition for judicial review of this direct final rule, so that EPA can withdraw this direct final rule and address the comment in the proposed rulemaking. This action may not be challenged later in proceedings to enforce its requirements. (See section 307(b)(2).)

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Nitrogen dioxide, Ozone, Reporting and recordkeeping requirements.

Dated: April 29, 2015.

H. Curtis Spalding,
Regional Administrator,
EPA New England.

Part 52 of chapter I, title 40 of the Code of Federal Regulations is amended as follows:

PART 52 - [AMENDED]

1. The authority citation for part 52 continues to read as follows:

Authority: 42 U.S.C. 7401 et seq.

Subpart H - Connecticut

2. Section 52.370 is amended by adding paragraph (c)(109) to read as follows:

§ 52.370 Identification of plan.

* * * * *

(c) * * *

(109) Revisions to the State Implementation Plan submitted by the Connecticut Department of Environmental Protection on October 31, 2012.

(i) Incorporation by reference.

(A) Connecticut Trading Agreement and Order No. 8187, Modification 1 issued to PSEG Power Connecticut LLC on July 16, 2012.

(B) Connecticut Trading Agreement and Order No. 8242, Modification 1 issued to PSEG Power Connecticut LLC on July 16, 2012.

3. In § 52.385, Table 52.385 is amended by adding new entries to an existing state citation for 22a-174-22 to read as follows:

§ 52.385 EPA-approved Connecticut regulations.

* * * * *

Table 52.385 – EPA-Approved Regulations

Connecticut State citation	Title/subject	Dates		Federal Register citation	Section 52.370	Comments/description
		Date adopted by State	Date approved by EPA			
*	*	*	*	*	*	*
22a-174-22	Control of Nitrogen Oxides emissions	7/16/12	[Insert date of FR publication]	[Insert Federal Register page number where the document begins]	(c)(109)	Connecticut Trading Agreement and Order No. 8187, Modification 1
22a-174-22	Control of Nitrogen Oxides emissions	7/16/12	[Insert date of FR publication]	[Insert Federal Register page number where the document begins]	(c)(109)	Connecticut Trading Agreement and Order No. 8242, Modification 1
*	*	*	*	*	*	*

[FR Doc. 2015-18872 Filed: 7/31/2015 08:45 am; Publication Date: 8/3/2015]