

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 97

[FRL-9949-93-OAR]

**Allocations of Cross-State Air Pollution Rule Allowances from
New Unit Set-Asides for the 2016 Compliance Year**

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule; notice of data availability (NODA).

SUMMARY: The Environmental Protection Agency (EPA) is providing notice of emission allowance allocations to certain units under the new unit set-aside (NUSA) provisions of the Cross-State Air Pollution Rule (CSAPR) federal implementation plans (FIPs) and is responding to objections to preliminary calculations. EPA has completed final calculations for the first round of NUSA allowance allocations for the 2016 compliance year and has posted spreadsheets containing the calculations on EPA's website. The final allocations are unchanged from the preliminary calculations. EPA will record the allocated allowances in sources' Allowance Management System (AMS) accounts by August 1, 2016.

DATES: [insert date of publication in the Federal Register].

FOR FURTHER INFORMATION CONTACT: Questions concerning this action should be addressed to Robert Miller at (202) 343-9077 or miller.robert1@epa.gov or to Kenon Smith at (202) 343-9164 or smith.kenon@epa.gov.

SUPPLEMENTARY INFORMATION: Under the CSAPR FIPs, a portion of each state budget for each of the four CSAPR emissions trading programs is reserved as a NUSA from which allowances are allocated to eligible units through an annual one- or two-round process. In a NODA published in the *Federal Register* on May 27, 2016 (81 FR 33636), EPA described the allocation process and provided notice of preliminary calculations for the first-round 2016 NUSA allowance allocations. EPA also described the process for submitting any objections to the preliminary calculations.

In response to the May 27 NODA, EPA received one written objection addressing CSAPR NO_x annual and NO_x ozone season allowance recordations for 2016 to Missouri's existing CSAPR units, and the number of allowances shown as available for allocation to Missouri's new units in 2016 in the May 27 NODA under those programs. Due to an allowance recordation error, two facilities in Missouri with existing units did not receive the CSAPR NO_x annual and ozone season existing unit allowance allocations specified in Missouri's approved 2016 CSAPR State Implementation Plan (SIP). This error in turn impacted the

number of NUSA allowances shown in the May 27 NODA as available for allocation to Missouri's new units for 2016 under those programs. EPA corrected the recordation error to the existing units by recording a total of four additional CSAPR NO_x Annual allowances and two additional CSAPR NO_x Ozone Season allowances to two facilities in Missouri, consistent with the allocations for those facilities specified by Missouri in their 2016 CSAPR SIP. EPA in turn adjusted downward the number of allowances available for allocation in Missouri's 2016 CSAPR NO_x Annual and CSAPR NO_x Ozone Season NUSA's by four and two allowances, respectively. Since the downward correction to the number of allowances available in Missouri's 2016 NUSAs was relatively small, the number of allowances allocated to new units in Missouri in the first round was not affected.

The final unit-by-unit data and allowance allocation calculations are set forth in Excel spreadsheets titled "CSAPR_NUSA_2016_NOx_Annual_1st_Round_Final_Data", "CSAPR_NUSA_2016_NOx_OS_1st_Round_Final_Data", and "CSAPR_NUSA_2016_SO2_1st_Round_Final_Data", available on EPA's website at <http://www.epa.gov/crossstaterule/actions.html>. The three spreadsheets show EPA's final determinations of first-round 2016 NUSA allocations under the CSAPR NO_x annual, NO_x ozone season, and SO₂ (Group 1 and Group 2) trading programs, respectively.

Pursuant to CSAPR's allowance recordation timing requirements, the allocated NUSA allowances will be recorded in sources' AMS accounts by August 1, 2016. EPA notes that an allocation or lack of allocation of allowances to a given unit does not constitute a determination that CSAPR does or does not apply to the unit. EPA also notes that NUSA allocations are subject to potential correction if a unit to which NUSA allowances have been allocated for a given compliance year is not actually an affected unit as of January 1 (or May 1 in the case of the NO_x ozone season program) of the compliance year.¹

(Authority: 40 CFR 97.411(b), 97.511(b), 97.611(b), and 97.711(b).)

Dated: July 18, 2016. Reid P. Harvey,
Director, Clean Air Markets Division,
Office of Atmospheric Programs,
Office of Air and Radiation.

¹ See 40 CFR 97.411(c), 97.511(c), 97.611(c), and 97.711(c).

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