

Arkansas Regulation No. 19, Regulations of the Arkansas Plan of Implementation for Air Pollution Control

CHAPTER 14: CAIR NO_x OZONE SEASON TRADING PROGRAM GENERAL PROVISIONS

As approved by the Arkansas Pollution Control and Ecology Commission on June 22, 2007, and submitted to EPA August 10, 2007.

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CHAPTER 14 – CAIR NO_x OZONE SEASON TRADING PROGRAM GENERAL PROVISIONS

Reg. 19.1401 Adoption of Regulations

40 CFR Part 96, Subparts AAAA-HHHH for the CAIR NO_x Ozone Season Trading Program, as finalized by the U.S. Environmental Protection Agency (EPA) on May 12, 2005, and further revised by EPA on April 28, 2006, with correcting amendments on December 13, 2006, are herein incorporated by reference with the exception of Subpart EEEE (CAIR NO_x Ozone Season Allowance Allocations) and all references to CAIR NO_x Ozone Season Opt-in Units, which, along with Subpart IIII (CAIR NO_x Ozone Season Opt-in Units), are not incorporated. The following regulations replace 40 CFR 96 Subpart EEEE.

Reg. 19.1402 State Trading Budget

The Arkansas State trading budgets for annual allocations for CAIR NO_x Ozone Season allowances have been set by EPA as follows: for the control periods of 2009 through 2014, 11,515 tons per control period; and for the control periods for 2015 and beyond, 9,596 tons per control period. The total number of allowances allocated by the State of Arkansas shall not exceed these budgets for their respective control periods.

Reg. 19.1403 Timing Requirements for CAIR NO_x Ozone Season Allowance Allocations

- (A) For EGUs allocated allowances under Reg. 19.1404(B) and (C), the Department will determine and notify the Administrator of each unit's allocation of CAIR NO_x Ozone Season allowances by April 30, 2007, for 2009, 2010, and 2011 and by October 31, 2008, and October 31 of each year thereafter for the 4th year after the notification deadline.
- (B) For EGUs allocated allowances under Reg. 19.1404(D), the Department will determine and notify the Administrator of each unit's allocation of CAIR NO_x Ozone Season allowances by July 31 of the year for which the CAIR NO_x Ozone Season allowances are allocated.

Reg. 19.1404 CAIR NO_x Ozone Season Allowance Allocations

- (A) The baseline gross electric generation (in MW) used with respect to CAIR NO_x Ozone Season allowance allocations under paragraph (B) of this section for each CAIR NO_x Ozone Season unit that has operated each calendar year during a period of 5 or more consecutive calendar years, the average of the 3 highest amounts of the unit's control period gross electrical output over the 5 years immediately preceding the year in which allocations are due to EPA, provided that gross electrical output of a generator served by two or more units will be attributed to each unit in proportion to each unit's share of the total control period heat input of such units for the year. For the allocations allocated for 2009, 2010, 2011, baseline data will be determined using gross electrical output for years 2000 through 2004.
- (B) With regard to the timing requirements contained in Reg. 19.1403, for each control period in 2009 and thereafter, the Department will allocate to all CAIR NO_x Ozone Season units in the State that have baseline gross electric generation (as determined under paragraph (A) of this section) a total amount of CAIR NO_x Ozone Season allowances equal to 95 percent for a control period, of the tons of NO_x emissions in the State trading budget under Reg. 19.1402 (except as provided in paragraph (E) of this section).
- (C) The Department will allocate CAIR NO_x Ozone Season allowances to each CAIR NO_x Ozone Season unit under paragraph (B) of this section in an amount determined by multiplying the total amount of CAIR NO_x Ozone Season allowances allocated under paragraph (B) of this section by the ratio of the baseline gross electric generation of such CAIR NO_x Ozone Season unit to the total amount of baseline gross electric generation of all such CAIR NO_x Ozone Season units in the State and rounding to the nearest whole allowances as appropriate.
- (D) For each control period in 2009 and thereafter, the Department will allocate CAIR NO_x Ozone Season allowances to CAIR NO_x Ozone Season units in the State that do not yet have a baseline gross electric generation (as determined under paragraph (A) of this section), in accordance with the following procedures:
 - (1) The Department will establish a separate new unit set-aside for each control period. Each new unit set-aside will be allocated CAIR NO_x Ozone Season allowances equal to 5 percent of the amount of tons of NO_x emissions in the State trading budget under Reg. 19.1402.

- (2) The CAIR designated representative of such a CAIR NO_x Ozone Season unit may submit to the Department a request, in a format specified by the Department, to be allocated CAIR NO_x Ozone Season allowances, starting with the later of the control period in 2009 or the first control period after the control period in which the CAIR NO_x Ozone Season unit commences commercial operation and until the first control period for the which the unit is allocated CAIR NO_x Ozone Season allowances under paragraph (B) of this section. The CAIR NO_x Ozone Season allowance allocation request must be submitted on or before January 1 of the first control period for which the CAIR NO_x Ozone Season allowances are requested and after the date on which the CAIR NO_x Ozone Season unit commences commercial operation.
- (3) In a CAIR NO_x Ozone Season allowance allocation request under paragraph (D)(2) of this section, the CAIR designated representative may request for a control period CAIR NO_x Ozone Season allowances in an amount not exceeding the CAIR NO_x Ozone Season unit's total tons of NO_x emissions during the control period immediately before such control period.
- (4) The Department will review each CAIR NO_x Ozone Season allowance allocation request under paragraph (D)(2) of this section and will allocate CAIR NO_x Ozone Season allowances for each control period pursuant to such request as follows:
 - (a) The Department will accept an allowance allocation request only if the request meets, or is adjusted by the Department as necessary to meet, the requirements of paragraphs (D)(2) and (3) of this section.
 - (b) On or after February 1 of the control period, the Department will determine the sum of the CAIR NO_x Ozone Season allowances requested (as adjusted under paragraph (D)(4)(a) of this section) for the control period.
 - (c) If the amount of CAIR NO_x Ozone Season allowances in the new unit set-aside for the control period is greater than or equal to the sum under paragraph (D)(4)(b) of this section, then the Department will allocate the amount of CAIR NO_x Ozone Season allowances requested (as adjusted under paragraph (D)(4)(a) of this section) to each CAIR NO_x Ozone Season unit covered by paragraph (D)(4)(a) of this section.

- (d) If the amount of CAIR NO_x Ozone Season allowances in the new unit set-aside for the control period is less than the sum under paragraph (D)(4)(b) of this section, then the Department will allocate to each CAIR NO_x Ozone Season unit covered by an allowance allocation request accepted under paragraph (D)(4)(a) of this section the amount of the CAIR NO_x Ozone Season allowances requested (as adjusted under paragraph (D)(4)(a) of this section), multiplied by the amount of CAIR NO_x Ozone Season allowances in the new unit set-aside for the control period, divided by the sum determined under paragraph (D)(4)(b) of this section, and rounded to the nearest whole allowance as appropriate.
 - (e) The Department will notify each CAIR designated representative that submitted an allowance allocation request of the amount of CAIR NO_x Ozone Season allowances (if any) allocated for the control period to the CAIR NO_x Ozone Season unit covered by the request.
- (E) If, after completion of the procedures under paragraphs (D)(4) of this section for a control period, any unallocated CAIR NO_x Ozone Season allowances remain in the new unit set-aside for the control period, the Department will allocate to each CAIR NO_x Ozone Season unit that was allocated CAIR NO_x Ozone Season allowances under paragraph (B) of this section an amount of CAIR NO_x Ozone Season allowances equal to the total amount of such remaining unallocated CAIR NO_x Ozone Season allowances, multiplied by the unit's allocation under paragraph (B) of this section, divided by 95 percent of the amount of tons of NO_x emissions in the State trading budget under Reg. 19.1402, and rounded to the nearest whole allowance as appropriate.