

FACT SHEET

EPA NODA Requesting Comment on Alternative Allocation Methods and Related Matters in the Transport Rule

ACTION

- EPA has released a Notice of Data Availability (NODA) to provide information and opportunity to comment on alternative allowance allocation approaches for potential use in the Transport Rule.
- During the public comment period for the Transport Rule proposal, EPA received numerous comments regarding the proposed allowance allocations methodology for existing units that relied on historic and projected unit level emissions data. Many commenters suggested alternative allocation approaches that relied on historic data. A number of commenters also requested that EPA publish allocations and underlying data for any potential alternative allocation methodologies before issuing a final Transport Rule. In response to those comments, EPA conducted additional analysis and is requesting additional comments through this NODA on two alternative allocation methods under consideration for the final rule. These options will be considered alongside the proposed approach during finalization of the Transport Rule.
- The Agency will take public comment on the NODA for 30 days following publication in the *Federal Register*. EPA is also providing an opportunity for comment on the following topics related to allocations:
 - The implications of the alternative allocation methodologies for the proposed assurance provisions;
 - An alternative approach to calculate allowance surrender requirements at the designated representative (DR) level for the assurance provisions;
 - A methodology for distributing allowances to new units that locate in Indian country within the Transport Rule region; and
 - Possible options for states wishing to submit State Implementation Plans (SIPs) providing for state allocation of allowances in the Transport Rule trading programs.

KEY ELEMENTS OF THE NODA

- Alternative allocation methodologies:
 - Option 1 would allocate a state's existing unit budget based on each unit's proportionate share of the state's total historic heat input.
 - For each covered unit, annual heat input values for the baseline period of 2005 through 2009 would be identified using data reported to EPA or, where EPA data are unavailable, using data reported to the Energy Information Administration (EIA). For each unit, the three highest, non-zero annual heat input values within the 5-year baseline would be selected and averaged.
 - Option 2 would yield the same initial allocation pattern as Option 1 (based on historic heat input) but would then add a constraint (i.e., a limit on allocations) based on a unit's reasonably foreseeable maximum emissions under the proposed Transport Rule trading programs. For those units with heat input-based

allocations that would exceed historic emissions, this option would limit allocations so that the units would not be given allowances in excess of their reasonably foreseeable maximum emissions.

- EPA is also requesting comment on whether the surrender requirement for the proposed assurance provisions should be imposed on certain owners and operators of covered units in the state but calculated on a DR-by-DR basis, rather than on an owner-by-owner basis as proposed.
- EPA is also requesting comment on approaches to allocating allowances to future new units locating in Indian country within the Transport Rule region and on options for states wishing to submit SIPs with provisions for state allowance allocations.

BACKGROUND

On July 6, 2010 the US Environmental Protection Agency (EPA) proposed a rule that would protect the health of millions of Americans by helping states reduce air pollution and attain clean air standards. This rule, known as the Transport Rule, would require 31 states and the District of Columbia to significantly improve air quality by reducing power plant sulfur dioxide (SO₂) and nitrogen oxide (NO_x) emissions that contribute to ozone and fine particle pollution in other states. The public comment period for the proposed rule ended on October 1, 2010.

HOW TO COMMENT

EPA will accept comment on this NODA for 30 days after publication in the *Federal Register*. Comments, identified by Docket ID No. EPA-HQ-OAR-2009-0491, may be submitted by one of the following methods:

- www.regulations.gov: follow the on-line instructions for submitting comments.
- E-mail: Comments may be sent by electronic mail (e-mail) to a-and-r-Docket@epa.gov.
- Fax: Fax your comments to: 202-566-1741
- Mail: Send your comments to: Air and Radiation Docket and Information Center, Environmental Protection Agency, Mail Code: 6102T, 1200 Pennsylvania Ave., NW, Washington, DC, 20460.
- Hand Delivery or Courier: Deliver your comments to: EPA Docket Center, 1301, Constitution Ave., NW, Room 3334, Washington, D.C. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information.

To expedite review of submitted comments by Agency staff, commenters are encouraged to send a separate copy of their comments, in addition to the copy they submit to the official docket, to Brian Fisher, Clean Air Markets Division, USEPA Headquarters, Ariel Rios Building, 1200 Pennsylvania Avenue, NW, Mail Code: 6204J, Washington, DC 20460; telephone number: (202) 343-9633; fax number: (202) 343-2359; email address fisher.brian@epa.gov.

FOR MORE INFORMATION

To download a copy of the NODA and allocation tables, go to www.epa.gov/airtransport. For more information, call Brian Fisher of EPA's Office of Air Programs at 202-343-9633 or email at fisher.brian@epa.gov.