

FACT SHEET
Final Rule:
Revised Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS

The Safety Valve:
A Voluntary Process for Group 3 Sources to Convert Additional Banked Allowances

* * * **Updated March 2022** * * *

Both the 2016 CSAPR Update and the 2021 Revised CSAPR Update address states' obligations under the Clean Air Act's good neighbor provision with regard to the 2008 ozone National Ambient Air Quality Standards (NAAQS). The CSAPR Update established budgets for emissions of nitrogen oxides (NO_x) from electricity generating units in 22 states during the May-September ozone season, implemented through requirements for the sources to participate in the CSAPR NO_x Ozone Season Group 2 Trading Program which started in 2017. The Revised CSAPR Update established more stringent NO_x emission budgets for sources in 12 of the states,¹ implemented through requirements for these sources to participate in the CSAPR NO_x Ozone Season Group 3 Trading Program which started in 2021. Sources in the remaining 10 states continue to participate in the Group 2 trading program.

EPA created a limited initial bank of allowances for use in the Group 3 trading program ("Group 3 allowances") by converting allowances banked in 2017-2020 under the Group 2 trading program ("Group 2 allowances") (see Fact Sheet on Creation of Group 3 Allowance Bank). To provide further compliance flexibility, EPA also established a voluntary "safety valve" mechanism that allows Group 3 sources to access additional Group 3 allowances by converting banked Group 2 allowances at an 18:1 conversion ratio.

The main elements of the safety valve provisions (along with the revocation flexibility announced and updated in January and March 2022, respectively) are summarized below:²

- From February 1, 2022, through February 28, 2022, the designated representative for any Group 3 source may submit a request for allocations of additional Group 3 allowances under the safety valve mechanism.
- Until March 25, 2022, a designated representative who submitted a timely request for allocations may revoke a previously submitted request by submitting a notice of revocation.
- Each request for allocations or notice of revocation must be submitted by the source's designated representative (or alternate designated representative) to csapr@epa.gov and must contain the following certification statement: *I am authorized to make this submission on behalf of the owners and operators of the source or units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all*

¹ The 12 "Group 3 states" are Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, Virginia, and West Virginia.

² For a more complete description of the safety valve mechanism, refer to the preamble for the final Revised CSAPR Update at 86 FR 23054, 23137 (April 30, 2021). For the regulatory text, refer to 40 CFR 97.826(d)(2).

its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

- On or after March 28, 2022, EPA will deduct 2017-2020 Group 2 allowances (on a first-in, first-out basis) in sets of 18 from the compliance account of each Group 3 source for which a timely request was received and not revoked and will record one 2021 Group 3 allowance in the account for each set of Group 2 allowances deducted.
- Group 3 sources are responsible for obtaining any Group 2 allowances used for the conversion. Holders of Group 2 allowances are not obligated to sell or transfer their allowances.

For questions concerning the safety valve mechanism, please contact csapr@epa.gov.