

FACT SHEET
Good Neighbor Plan for the 2015 Ozone NAAQS

Recall of CSAPR NO_x Ozone Season Group 2 Allowances from Sources in States Newly Transitioning to the CSAPR NO_x Ozone Season Group 3 Trading Program

Updated June 2023

Note: Some courts have issued preliminary orders temporarily staying the effectiveness of EPA's Good Neighbor SIP disapproval action (88 FR 9336) with respect to several states, and EPA is taking measures to comply with those orders. The description of the Good Neighbor Plan in this Fact Sheet reflects the rule as published, without regard to the stay orders and the measures EPA will be taking to comply with them.

On March 15, 2023, the U.S. Environmental Protection Agency (EPA) issued its final Good Neighbor Plan, locking in significant reductions in ozone-forming emissions of nitrogen oxides (NO_x), and benefitting millions of people living in downwind communities. The Good Neighbor Plan ensures that 23 states meet the Clean Air Act's "Good Neighbor" requirements by reducing pollution that significantly contributes to problems attaining and maintaining the 2015 Ozone National Ambient Air Quality Standards (NAAQS) in downwind states. Beginning in the 2023 ozone season, EPA will include power plant sources in 22 states in a revised and strengthened CSAPR NO_x Ozone Season Group 3 Trading Program.¹ The 22 states include 12 states already covered by the Group 3 trading program, seven states transitioning from the CSAPR NO_x Ozone Season Group 2 trading program, and three states not currently covered by any CSAPR trading program for seasonal NO_x emissions. The Good Neighbor Plan was published in the Federal Register on June 5, 2023 (88 FR 36654) and will take effect 60 days later on August 4, 2023.

To maintain the previously established levels of stringency of the Group 2 trading program for the states and sources that remain subject to that program under the Good Neighbor Plan,² the EPA is recalling CSAPR NO_x Ozone Season Group 2 allowances equivalent in amount and usability to all vintage year 2023-2024 CSAPR NO_x Ozone Season Group 2 allowances previously allocated to sources in states and areas of Indian country newly transitioning to the Group 3 trading program under this rule and recorded in the sources' compliance accounts. The recall provisions apply to all sources in jurisdictions newly added to the Group 3 trading program in whose compliance accounts CSAPR NO_x Ozone Season Group 2 allowances for a control period in 2023 or 2024 were recorded, including sources where some or all

¹ The 22 "Group 3 states" are Alabama, Arkansas, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, Texas, Utah, Virginia, West Virginia, and Wisconsin.

² The three states whose sources will continue to be covered by the Group 2 trading program are Iowa, Kansas, and Tennessee.

units have permanently retired or where the previously recorded 2023-2024 allowances have been transferred out of the compliance account.³

The main elements of the recall provisions are summarized below:⁴

- For each vintage 2023-2024 Group 2 allowance initially recorded in a newly transitioning Group 3 source's compliance account, the owners and operators of the source must surrender either the same specific vintage 2023-2024 Group 2 allowance or any Group 2 allowance with equivalent or greater usability under the Group 2 trading program. For example, the surrender requirement corresponding to a vintage 2023 Group 2 allowance could be satisfied through the surrender of any vintage 2017-2023 Group 2 allowance, and a surrender requirement with regard to a vintage 2024 Group 2 allowance could be satisfied through the surrender of any vintage 2017-2024 Group 2 allowance.
- The optional first deadline for owners and operators subject to the surrender requirements to satisfy the recall is August 21, 2023. As soon as practicable on or after this date, the EPA will make a first attempt to complete the deductions of Group 2 allowances required for each Group 3 source from the source's compliance account. Following the first attempt, the second deadline for owners and operators to satisfy the recall will be September 15, 2023, at which point EPA will make a second attempt to deduct Group 2 allowances from Group 3 sources' compliance accounts. The EPA will notify the designated representative and any alternate designated representative of each source indicating the quantities and vintages of Group 2 allowances that must be held to satisfy the source's surrender requirements.
- No allocations of Group 3 allowances will be recorded in a source's compliance account until the source satisfies the surrender requirements with regard to vintage 2023-2024 Group 2 allowances.
- If the second attempt to deduct Group 2 allowances to meet the surrender requirements through deductions from the source's compliance account (or from a specified general account) is unsuccessful for a given source, as soon as practicable on or after November 15, 2023, to the extent necessary to address the unsatisfied surrender requirements for the source, the EPA will deduct the vintage 2023-2024 Group 2 allowances that were initially recorded in the source's compliance account from whatever accounts the allowances are held in as of the date of the deduction, except for any allowances where, as of April 30, 2022, no person with an ownership interest in the allowances was an owner or operator of the source, was a direct or indirect parent or subsidiary of an owner or operator of the source, or was directly or indirectly under common ownership with an owner or operator of the source. Before making any deduction under this provision, the EPA will send a notification to the authorized account representative for the account in which the allowance

³ Sources in the twelve states that transitioned to the Group 3 trading program under the Revised CSAPR Update were already subject to analogous recall provisions established under that rule and are not subject to the additional recall provisions established in this rule.

⁴ For a complete description of the recall provisions, refer to section VI.B.12.c. of the preamble for the final Good Neighbor Plan (88 FR 36814-16). For the official regulatory text, refer to 40 CFR 97.811(e).

is held and will provide an opportunity for submission of objections concerning the data upon which the EPA is relying.

- Any failure of a source's owners and operators to comply with the surrender requirements will be subject to possible enforcement as a violation of the Clean Air Act, with each allowance and each day of the control period constituting a separate violation.

To eliminate any possible uncertainty regarding the amounts of Group 2 allowances allocated for the 2023-2024 control periods (or earlier control periods) that the owners and operators of each Group 3 source are required to surrender under the recall provisions, the EPA has prepared the following lists, posted on the Good Neighbor Plan website ([link](#)) and in the associated docket:

- A list of the sources in the newly transitioning Group 3 states and areas of Indian country in whose compliance accounts allocations of vintage 2023-2024 Group 2 allowances were recorded, with the amounts of the allocations recorded in each such compliance account for the 2023 and 2024 control periods.
- A list showing, for each newly added Group 3 source, the specific Group 2 allowances (batched by serial number) allocated for each control period and recorded in the source's compliance account and indicating whether, as of April 30, 2022, that batch of allowances was held in the source's compliance account, in an account believed to be partially or fully controlled by a related party (i.e., an owner or operator of the source or an affiliate of an owner or operator of the source), or in an account believed to be fully controlled by independent parties.

For questions concerning the recall provisions, please contact csapr@epa.gov.