

**WEST VIRGINIA
SECRETARY OF STATE
JOE MANCHIN, III
ADMINISTRATIVE LAW DIVISION**

Form #1

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2001 JUN -6 P 5:00

OFFICE WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF A PUBLIC HEARING ON A PROPOSED RULE

AGENCY: WVDEP-Division of Air Quality TITLE NUMBER: 45

RULE TYPE: Legislative CITE AUTHORITY: W.Va Code §22-5-1 et. seq.

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: 26

TITLE OF RULE BEING PROPOSED: "NOx Budget Trading Program as a Means of Control and
Reduction of Nitrogen Oxides From Electric Generating Units"

DATE OF PUBLIC HEARING: July 12, 2001 TIME: 6:00 P.M.

LOCATION OF PUBLIC HEARING: Division of Air Quality
7012 MacCorkle Avenue, SE
Charleston, WV 25304-2943

COMMENTS LIMITED TO: ORAL , WRITTEN , BOTH

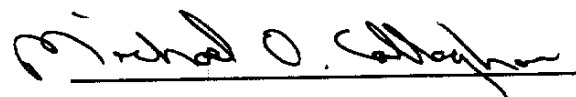
COMMENTS MAY ALSO BE MAILED TO THE FOLLOWING ADDRESS: John A. Benedict, Deputy Chief

The Department requests that persons wishing to make comments at the hearing make an effort to submit written comments in order to facilitate the review of these comments.

Division of Air Quality
7012 MacCorkle Avenue, SE
Charleston, WV 25304-2943

The issues to be heard shall be limited to the proposed rule.

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL



Authorized Signature *RCB*

DEPARTMENT OF ENVIRONMENTAL PROTECTION

BRIEFING DOCUMENT

Rule Title: 45CSR26 "NO_x Budget Trading Program as a Means of Control and Reduction of Nitrogen Oxides from Electric Generating Units"

A. AUTHORITY: W.Va. Code §§22-5-1 et seq.

B. SUMMARY OF RULE:

This rule partially fulfills the State's obligations in responding to U.S. EPA's final rule, *Findings of Significant Contribution and Rulemaking for Certain States in the Ozone Transport Assessment Group Region for Purposes of Reducing Regional Transport of Ozone* (27 Oct 1998, 63 FR 207 at 57356, herein referred to as the *NO_x SIP Call*). Essentially, the federal rule requires that large emitters of Nitrogen Oxides (NO_x) significantly reduce emissions and constrain them to fixed budgets, starting in 2004 and maintaining them thereafter. Flexibility is built in through "trading" provisions which allow sources to buy/trade NO_x emission allowances from other participants. For example, a source which has been unable to achieve the required amount of emission reductions may purchase NO_x allowances under the federal NO_x Budget Trading Program to obtain the needed emission allowances.

This State rule applies to Electric Generating Units (EGUs) which have an electric generating capacity of 250 megawatts or greater. 45CSR26 uses control requirements and emission credit transfer procedures parallel to the federal presumptions so that the state rule may interface with the federal NO_x Budget Trading Program. It requires that EGUs effectively achieve a NO_x emission rate of 0.15 lb NO_x/mmBTU by May 2004 and allows flexibility through NO_x emissions trading. An implementation delay (up to May 2006) is provided for sources which opt to control multiple pollutants through the use of innovative air pollution control technology. To accommodate growth of existing EGUs and proposed new EGUs, the rule establishes a more realistic limit on total state NO_x emissions (a "cap") than the NO_x SIP Call. The Department of Environmental Protection, Division of Air Quality (DAQ) is addressing non-EGUs in a separate rulemaking, 45CSR1.

C. STATEMENT OF CIRCUMSTANCES WHICH REQUIRE RULE:

U.S. EPA has identified 23 jurisdictions, including West Virginia, which contribute to ground-level ozone nonattainment in downwind states. U.S. EPA accordingly promulgated federal rules requiring these jurisdictions to submit revisions to their State Implementation Plans (SIPs), including state rules, to reduce NO_x emissions pursuant to §110(a)(2)(D) of the 1990 Clean Air Act Amendments. Originally, States were to submit control plans as revisions to the applicable SIP by September 1999. However, several States, including West Virginia, filed legal challenges to U.S. EPA's rulemaking. A federal court subsequently stayed indefinitely the submittal requirement. In June 2000, the U.S. Court of Appeals for the D.C. Circuit made a final ruling that largely upheld U.S. EPA's action. Consequently, 19

jurisdictions, including West Virginia were then required to submit SIP revisions by October 30, 2000. However, litigation continued through an appeal to the U.S. Supreme Court. On March 5, 2001, the Supreme Court largely upheld the NO_x SIP Call. The D.C. Circuit Court on May 15, 2001 remanded the Section 126 NO_x budgets back to EPA, so that established state NO_x budgets may be revised or more fully supported and documented by EPA.

The Office of Air Quality (now the Division of Air Quality or DAQ) proceeded with the promulgation of a previous proposed rule which achieved part of the federally mandated reductions, pending the outcome of the legal challenge. Partly based on significant negative comments from the U.S. EPA, OAQ withdrew the 2000 proposed rule.

DAQ is proceeding with the promulgation of this proposed rule containing provisions that parallel the federal requirements, with the exception of a state-derived NO_x budget and addition of an innovative technology alternative. If EPA revises state budgets or fails to approve the innovative technology provisions in the proposed rule, 45CSR26 may be withdrawn or modified accordingly.

D. FEDERAL COUNTERPART REGULATIONS - INCORPORATION BY REFERENCE/DETERMINATION OF STRINGENCY:

Federal counterparts to this proposed rule exist. Two related, parallel federal rulemakings may impose similar requirements on affected facilities. These include the Federal Implementation Plan (FIP) associated with the NO_x SIP Call and the separate but related rulemaking by U.S. EPA on Petitions filed pursuant to Section 126 of the 1990 Clean Air Act Amendments. The latter became effective on February 17, 2000 and imposes similar requirements regardless of any State action.

Both federal and State rules have averaging or trading provisions that allow sources to vary emission rates. Monitoring, record-keeping, and reporting requirements of the proposed rule and federal counterparts are parallel. However, the emissions cap established under the federal rule is based upon a 3 percent growth factor while that of the proposed rule is based on a 20 percent growth factor (1990-2007) plus an additional margin to accommodate new and proposed EGUs. Also, the proposed rule permits an implementation delay for sources that opt to control multiple pollutants through use of innovative control technologies. Therefore, the Secretary has determined that the agency proposed rule is less stringent than the federal counterpart rules.

Proposed development of this rule has been, and continues to be, unusually dynamic. Litigation and subsequent court decisions have affected several aspects of the rule in its various stages of development. The DAQ has also addressed the difference in potential emissions between the 20 percent growth rate used in the proposed rule and the 3 percent growth estimated by U.S. EPA. Last summer's (1999) hot weather already required an electricity utilization level for some in-state utilities that exceeded U.S. EPA's projected level for 2007. This fact, in combination with other considerations, indicates that the lower growth

estimate for West Virginia is significantly inadequate. U.S. EPA assumed growth rates exceeding 20 percent for many other states, including Kentucky, Maryland, North Carolina and South Carolina.

To the extent practicable, proposed rule 45CSR26 emulates the model rule contained in the NO_x SIP Call with revisions contained in the Section 126 action, as updated by U.S. EPA rulemaking and modified according to judicial actions with the following exceptions. The proposed rule 45CSR26 contains (1) A state NO_x budget (a "cap") which provides for a more realistic limit on total state NO_x emissions than the NO_x SIP Call to accommodate growth of existing EGUs and proposed new EGUs, and (2) the rule establishes an implementation delay (up to May 2006) for sources which opt to control multiple pollutants through the use of innovative air pollution control technology.

E. CONSTITUTIONAL TAKINGS DETERMINATION:

In accordance with §22-1A-1 and 3(c,) the Secretary has determined that this rule will not result in taking of private property within the meaning of the Constitutions of West Virginia and the United States of America.

F. CONSULTATION WITH THE ENVIRONMENTAL PROTECTION ADVISORY COUNCIL:

At its May 29, 2001 meeting, the Environmental Protection Advisory Council reviewed and discussed this rule. Their comments are contained in the attached minutes.

TITLE 45
LEGISLATIVE RULE
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF AIR QUALITY

FILED

2001 JUN -6 P 5:00
OFFICE WEST VIRGINIA
SECRETARY OF STATE

SERIES 26
NO_x BUDGET TRADING PROGRAM AS A MEANS OF CONTROL AND REDUCTION OF
NITROGEN OXIDES FROM ELECTRIC GENERATING UNITS

§45-26-1. General.

1.1. Scope. -- This rule establishes general provisions and the definitions, applicability, permitting, allowance, excess emissions and monitoring provisions for a state NO_x Budget Trading Program as a means of control and reduction of nitrogen oxides (NO_x), an ozone precursor from electric generating units. The Secretary of the Department of Environmental Protection authorizes the Administrator of the U.S. Environmental Protection Agency to assist the Secretary in implementing the state NO_x Budget Trading Program as a participant in the federal NO_x Budget Trading Program by carrying out the functions set forth for the Administrator in the requirements of sections 4. through 76. of this rule and 40 CFR Part 51. This rule follows the intent of 40 CFR Part 96 for electric generating units.

1.2. The owner or operator of a fossil fuel-fired electric generating unit shall comply with applicable requirements of this rule.

1.3. Authority. -- W.Va. Code §§22-5-1 et seq.

1.4. Filing Date. --

1.5. Effective Date. --

§45-26-2. Definitions.

2.1. "Account number" means the identification number given by the Administrator to each NO_x Allowance Tracking System account.

2.2. "Acid Rain emissions limitation" means, as defined in 40 CFR 72.2 a limitation on emissions of sulfur dioxide or nitrogen oxides under the Acid Rain Program under title IV of the CAA.

2.3. "Administrator" means the Administrator of the United States Environmental Protection Agency or the Administrator's duly authorized representative.

2.4. "Allocate" or "allocation" means the determination by the secretary or the Administrator of the number of NO_x allowances to be initially credited to a NO_x Budget unit or an allocation set-aside.

2.5. "Automated data acquisition and handling system" or "DAHS" means that component of the CEMS or other emissions monitoring system approved for use under sections 70. through 76., designed to interpret and convert individual output signals from pollutant concentration monitors, flow monitors, diluent gas monitors and other component parts of the monitoring system to produce a continuous record of the measured parameters in the measurement units required by sections 70. through 76.

2.6. "Boiler" means an enclosed fossil or other fuel-fired combustion device used to produce heat and to transfer heat to recirculating water, steam or other medium.

2.7. "CAA" means the Clean Air Act, 42 U.S.C. 7401, et seq., as amended by Pub. L. No. 101-549 (November 15, 1990).

2.8. "Combined cycle system" means a system comprised of one or more combustion turbines, heat recovery steam generators and steam turbines configured to improve overall efficiency of electricity generation or steam production.

2.9. "Combustion turbine" means an enclosed fossil or other fuel-fired device that is comprised of a compressor, a combustor and a turbine and in which the flue gas resulting from the combustion of fuel in the combustor passes through the turbine, rotating the

turbine.

2.10. "Commence commercial operation" means, with regard to a unit that serves a generator, to have begun to produce steam, gas or other heated medium used to generate electricity for sale or use, including test generation. Except as provided in subsection 4.1. or section 5., for a unit that is a NO_x Budget unit under subsection 4.1. on the date the unit commences commercial operation, such date shall remain the unit's date of commencement of commercial operation even if the unit is subsequently modified, reconstructed or repowered. Except as provided in subsection 4.1. or section 5., for a unit that is not a NO_x Budget unit under subsection 4.1. on the date the unit commences commercial operation, the date the unit becomes a NO_x Budget unit under subsection 4.1. shall be the unit's date of commencement of commercial operation.

2.11. "Commence operation" means to have begun any mechanical, chemical or electronic process, including, with regard to a unit, start-up of a unit's combustion chamber. Except as provided in subsection 4.1. or section 5., for a unit that is a NO_x Budget unit under subsection 4.1. on the date of commencement of operation, such date shall remain the unit's date of commencement of operation even if the unit is subsequently modified, reconstructed or repowered. Except as provided in subsection 4.1. or section 5., for a unit that is not a NO_x Budget unit under subsection 4.1. on the date of commencement of operation, the date the unit becomes a NO_x Budget unit under subsection 4.1. shall be the unit's date of commencement of operation.

2.12. "Common stack" means a single flue through which emissions from two or more units are exhausted.

2.13. "Compliance account" means a NO_x Allowance Tracking System account, established by the Administrator for a NO_x Budget unit under sections 50. through 57., in which the NO_x allowance allocations for the unit are initially recorded and in which are held NO_x allowances available for use by the unit for an ozone season for the purpose of meeting the unit's NO_x budget emissions limitation.

2.14. "Continuous emission monitoring system" or "CEMS" means the equipment required under sections 70. through 76. to sample, analyze, measure and provide, by readings taken at least once every 15

minutes of the measured parameters, a permanent record of nitrogen oxides emissions, expressed in tons per hour for nitrogen oxides. The following systems are component parts included, to the extent consistent with sections 70. through 76. and 40 CFR Part 75, in a continuous emission monitoring system:

2.14.a. Flow monitor;

2.14.b. NO_x pollutant concentration monitors;

2.14.c. Diluent gas monitor (oxygen or carbon dioxide);

2.14.d. A continuous moisture monitor; and

2.14.e. An automated data acquisition and handling system.

2.15. "Electric generating unit" means a fossil fuel-fired stationary boiler, combustion turbine or combined cycle system which serves a generator with a nameplate capacity greater than 25 MW_e.

2.16. "Electricity for sale under firm contract to the grid" means electricity for sale where the capacity involved is intended to be available at all times during the period covered by a guaranteed commitment to deliver, even under adverse conditions.

2.17. "Emissions" means air pollutants exhausted from a unit or source into the atmosphere, as measured, recorded and reported to the secretary or Administrator by the NO_x authorized account representative and as determined by the Administrator in accordance with sections 70. through 76.

2.18. "Energy Information Administration" means the Energy Information Administration of the United States Department of Energy.

2.19. "Excess emissions" means any tonnage of nitrogen oxides emitted by a NO_x Budget unit during an ozone season that exceeds the NO_x budget emissions limitation for the unit.

2.20. "Fossil fuel" means natural gas, petroleum, coal or any form of solid, liquid or gaseous fuel derived from such material.

2.21. "Fossil fuel-fired" means, with regard to a unit:

2.21.a. For units that commenced operation before January 1, 1996, the combination of fossil fuel, alone or in combination with any other fuel, where fossil fuel actually combusted comprises more than 50 percent of the annual heat input on a Btu basis during 1995, or, if a unit had no heat input in 1995, during the last year of operation of the unit prior to 1995;

2.21.b. For units that commenced operation on or after January 1, 1996 and before January 1, 1997, the combination of fossil fuel, alone or in combination with any other fuel, where fossil fuel actually combusted comprises more than 50 percent of the annual heat input on a Btu basis during 1996; or

2.21.c. For units that commence operation on or after January 1, 1997:

2.21.c.1. The combination of fossil fuel, alone or in combination with any other fuel, where fossil fuel actually combusted comprises more than 50 percent of the annual heat input on a Btu basis during any year; or

2.21.c.2. The combination of fossil fuel, alone or in combination with any other fuel, where fossil fuel is projected to comprise more than 50 percent of the annual heat input on a Btu basis during any year, provided that the unit shall be "fossil fuel-fired" as of the date, during such year, on which the unit begins combusting fossil fuel.

2.22. "General account" means a NO_x Allowance Tracking System account, established under sections 50. through 57., that is not a compliance account or an overdraft account.

2.23. "Generator" means a device that produces electricity.

2.24. "Heat input" means the product (in mmBtu/time) of the gross calorific value of the fuel (in Btu/lb) and the fuel feed rate into a combustion device (in mass of fuel/time), as measured, recorded and reported to the Administrator by the NO_x authorized account representative and as determined by the Administrator in accordance with sections 70. through 76. and does not include the heat derived from preheated combustion air, recirculated flue gases or exhaust from other sources.

2.25. "Heat input rate" means the amount of heat input (in mmBtu) divided by unit operating time (in

hr) or, with regard to a specific fuel, the amount of heat input attributed to the fuel (in mmBtu) divided by the unit operating time (in hr) during which the unit combusts the fuel.

2.26. "Life-of-the-unit, firm power contractual arrangement" means a unit participation power sales agreement under which a utility or industrial customer reserves or is entitled to receive, a specified amount or percentage of nameplate capacity and associated energy from any specified unit and pays its proportional amount of such unit's total costs, pursuant to a contract:

2.26.a. For the life of the unit;

2.26.b. For a cumulative term of no less than 30 years, including contracts that permit an election for early termination; or

2.26.c. For a period equal to or greater than 25 years or 70 percent of the economic useful life of the unit determined as of the time the unit is built, with option rights to purchase or release some portion of the nameplate capacity and associated energy generated by the unit at the end of the period.

2.27. "Maximum design heat input" means the ability of a unit to combust a stated maximum amount of fuel per hour on a steady state basis, as determined by the physical design and physical characteristics of the unit.

2.28. "Maximum potential hourly heat input" means an hourly heat input used for reporting purposes when a unit lacks certified monitors to report heat input. If the unit intends to use Appendix D of 40 CFR Part 75 to report heat input, this value shall be calculated in accordance with 40 CFR Part 75, using the maximum fuel flow rate and the maximum gross calorific value. If the unit intends to use a flow monitor and a diluent gas monitor, this value should be reported in accordance with 40 CFR Part 75, using the maximum potential flowrate and either the maximum carbon dioxide concentration (in percent CO₂) or the minimum oxygen concentration (in percent O₂).

2.29. "Maximum potential NO_x emission rate" means the emission rate of nitrogen oxides (in lb/mmBtu) calculated in accordance with section 3 of Appendix F of 40 CFR Part 75, using the maximum potential concentration of NO_x under section 2 of

Appendix A of 40 CFR Part 75 and either the maximum oxygen concentration (in percent O₂) or the minimum carbon dioxide concentration (in percent CO₂), under all operating conditions of the unit except for unit startup, shutdown and upsets.

2.30. "Maximum rated hourly heat input" means a unit-specific maximum hourly heat input (mmBtu) which is the higher of the manufacturer's maximum rated hourly heat input or the highest observed hourly heat input.

2.31. "Monitoring system" means any monitoring system that meets the requirements of sections 70. through 76., including a continuous emissions monitoring system, an excepted monitoring system or an alternative monitoring system.

2.32. "Most stringent state or federal NO_x emissions limitation" means the lowest NO_x emissions limitation (in terms of lb/mmBtu) that is applicable to the unit under state or federal law, regardless of the averaging period to which the emissions limitation applies.

2.33. "Nameplate capacity" means the maximum electrical generating output (in MW_e) that a generator can sustain over a specified period of time when not restricted by seasonal or other deratings as measured in accordance with the United States Department of Energy standards.

2.34. "Non-title V permit" means a federally enforceable permit administered by the secretary pursuant to the CAA and regulatory authority under the CAA, other than title V of the CAA and 40 CFR Part 70 or 40 CFR Part 71.

2.35. "NO_x allowance" means a limited authorization under the NO_x Budget Trading Program to emit up to one ton of nitrogen oxides during the ozone season of the specified year or of any year thereafter, except as provided under subsection 54.6. No provision of the NO_x Budget Trading Program, the NO_x budget permit application, the NO_x budget permit, or an exemption under subdivision 4.2.a. or section 5. and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization, which does not constitute a property right. For purposes of all sections of this rule, except sections 40., 41., 42. or 43., "NO_x allowance" also includes an authorization to emit up to one ton of nitrogen oxides during the ozone season

of the specified year or of any year thereafter in accordance with a Federal NO_x Budget Trading Program established by the Administrator under 40 CFR Part 97.

2.36. "NO_x allowance deduction" or "deduct NO_x allowances" means the permanent withdrawal of NO_x allowances by the Administrator from a NO_x Allowance Tracking System compliance account or overdraft account to account for the number of tons of NO_x emissions from a NO_x Budget unit for an ozone season, determined in accordance with sections 70. through 76. and sections 50. through 57. or for any other NO_x allowance withdrawal requirement under this rule.

2.37. "NO_x allowances held" or "hold NO_x allowances" means the NO_x allowances recorded by the Administrator or submitted to the Administrator for recordation, in accordance with sections 50. through 57. and sections 60. through 62., in a NO_x Allowance Tracking System account.

2.38. "NO_x Allowance Tracking System" means the system by which the Administrator records allocations, deductions and transfers of NO_x allowances under the NO_x Budget Trading Program.

2.39. "NO_x Allowance Tracking System account" means an account in the NO_x Allowance Tracking System established by the Administrator for purposes of recording the allocation, holding, transferring or deducting of NO_x allowances.

2.40. "NO_x allowance transfer deadline" means midnight of November 30 or, if November 30 is not a business day, midnight of the first business day thereafter and is the deadline by which NO_x allowances may be submitted for recordation in a NO_x Budget unit's compliance account or the overdraft account of the source where the unit is located, in order to meet the unit's NO_x budget emissions limitation for the ozone season immediately preceding such deadline.

2.41. "NO_x authorized account representative" means, for a NO_x budget source or NO_x Budget unit at the source, the natural person who is authorized by the owners and operators of the source and all NO_x Budget units at the source, in accordance with sections 10. through 14., to represent and legally bind each owner and operator in matters pertaining to the NO_x Budget Trading Program or, for a general account, the

natural person who is authorized, in accordance with sections 50. through 57., to transfer or otherwise dispose of NO_x allowances held in the general account.

2.42. "NO_x budget emissions limitation" means, for a NO_x Budget unit, the tonnage equivalent of the NO_x allowances available for compliance deduction for the unit under subsections 54.1., 54.2., 54.5. and 54.6. in an ozone season adjusted by any deductions of such NO_x allowances to account for actual heat input under subsection 42.5. for the ozone season or to account for excess emissions for a prior ozone season under subsection 54.4. or to account for withdrawal from the NO_x budget Program.

2.43. "NO_x budget permit" means the legally binding and federally enforceable written document or portion of such document, issued by the secretary, including any permit revisions, specifying the NO_x Budget Trading Program requirements applicable to a NO_x budget source, to each NO_x Budget unit at the NO_x budget source and to the owners and operators and the NO_x authorized account representative of the NO_x budget source and each NO_x Budget unit.

2.44. "NO_x budget source" means a source that includes one or more NO_x Budget units.

2.45. "NO_x Budget Trading Program" means a multi-state nitrogen oxides air pollution control and emission reduction program approved and administered by the Administrator pursuant to 40 CFR 51.121, as a means of mitigating the interstate transport of ozone and nitrogen oxides, an ozone precursor.

2.46. "NO_x Budget unit" means an applicable unit under section 4. that is subject to the NO_x Budget Trading Program under this rule.

2.47. "Operator" means any person who operates, controls or supervises a NO_x Budget unit or a NO_x budget source and shall include, but not be limited to, any holding company, utility system or plant manager of such a unit or source.

2.48. "Overdraft account" means the NO_x Allowance Tracking System account, established by the Administrator under sections 50. through 57. for each NO_x budget source where there are two or more NO_x Budget units.

2.49. "Owner" means any of the following persons:

2.49.a. Any holder of any portion of the legal or equitable title in a NO_x Budget unit; or

2.49.b. Any holder of a leasehold interest in a NO_x Budget unit; or

2.49.c. Any purchaser of power from a NO_x Budget unit under a life-of-the-unit, firm power contractual arrangement. However, unless expressly provided for in a leasehold agreement, owner shall not include a passive lessor or a person who has an equitable interest through such lessor, whose rental payments are not based, either directly or indirectly, upon the revenues or income from the NO_x Budget unit; or

2.49.d. With respect to any general account, any person who has an ownership interest with respect to the NO_x allowances held in the general account and who is subject to the binding agreement for the NO_x authorized account representative to represent that person's ownership interest with respect to NO_x allowances.

2.50. "Ozone season" means the period beginning May 1 of a year and ending on September 30 of the same year, inclusive, provided that in 2004 "ozone season" means the period beginning May 31 and ending September 30 of that year, inclusive.

2.51. "Percent monitor data availability" means, for purposes of subdivision 43.1.a., total unit operating hours for which quality-assured data were recorded under sections 70. through 76. in an ozone season, divided by the total unit operating hours in the ozone season and multiplied by 100 percent.

2.52. "Person" means any and all persons, natural or artificial, including the state of West Virginia or any other state, the United States of America, any municipal, statutory, public or private corporation organized or existing under the laws of this or any other state or country and any firm, partnership or association of whatever nature.

2.53. "Potential electrical output capacity" means 33 percent of a unit's maximum design heat input.

2.54. "Receive or receipt of" means, when referring to the secretary or the Administrator, to

come into possession of a document, information or correspondence (whether sent in writing or by authorized electronic transmission), as indicated in an official correspondence log or by a notation made on the document, information or correspondence, by the secretary or the Administrator in the regular course of business.

2.55. "Recordation, record or recorded" means, with regard to NO_x allowances, the movement of NO_x allowances by the Administrator from one NO_x Allowance Tracking System account to another, for purposes of allocation, transfer or deduction.

2.56. "Reference method" means any direct test method of sampling and analyzing for an air pollutant as specified in Appendix A of 40 CFR Part 60.

2.57. "Secretary" means the secretary of the department of environmental protection or such other person to whom the secretary has delegated authority or duties pursuant to W. Va. Code §§22-1-6 or §§22-1-8.

2.58. "Serial number" means, when referring to NO_x allowances, the unique identification number assigned to each NO_x allowance by the Administrator under subsection 53.3.

2.59. "Shutdown" means: the period of time a unit is cooled from its normal operating temperature to cold or ambient temperature.

2.60. "Source" means any governmental, institutional, commercial or industrial structure, installation, plant, building or facility that emits or has the potential to emit any regulated air pollutant under the CAA. For purposes of section 502(c) of the CAA, a "source," including a "source" with multiple units, shall be considered a single "facility."

2.61. "Startup" means: the period of time a unit is heated from cold or ambient temperature to its normal operating temperature as specified by the manufacturer.

2.62. "State" means one of the 48 contiguous states or a portion thereof or the District of Columbia that is specified in 40 CFR §52.34 and in which are located units for which the Administrator makes an effective finding under 40 CFR §52.34.

2.63. "State NO_x Budget Trading Program"

means a nitrogen oxides air pollution control and emission reduction program established in accordance with this rule and pursuant to 40 CFR 51.121 as a means of mitigating the interstate transport of ozone and nitrogen oxides, an ozone precursor.

2.64. "Submit or serve" means to send or transmit a document, information or correspondence to the person specified:

2.64.a. In person;

2.64.b. By United States Postal Service; or

2.64.c. By other means of dispatch or transmission and delivery. Compliance with any "submission," "service" or "mailing" deadline shall be determined by the date of dispatch, transmission or mailing and not the date of receipt.

2.65. "Title V operating permit" means a permit issued under 45CSR30.

2.66. "Title V operating permit regulations" means the regulations that the secretary has issued and the Administrator has approved as meeting the requirements of 45CSR30.

2.67. "Ton" or "tonnage" means any "short ton" (i.e., 2,000 pounds). For the purpose of determining compliance with the NO_x budget emissions limitation, total tons for an ozone season shall be calculated as the sum of all recorded hourly emissions (or the tonnage equivalent of the recorded hourly emissions rates) in accordance with sections 70. through 76., with any remaining fraction of a ton equal to or greater than 0.50 ton deemed to equal one ton and any fraction of a ton less than 0.50 ton deemed to equal zero tons.

2.68. "Unit" means a fossil fuel-fired stationary boiler, combustion turbine or combined cycle system.

2.69. "Unit operating day" means a calendar day in which a unit combusts any fuel.

2.70. "Unit operating hour" or "hour of unit operation" means any hour (or fraction of an hour) during which a unit combusts any fuel.

2.71. Other words and phrases used in this rule, unless otherwise indicated, shall have the meaning ascribed to them in W. Va. Code §§22-5-1 et seq. and

§45-26-3. Measurements, Abbreviations and Acronyms.

Measurements, abbreviations and acronyms used in this rule are defined as follows:

Btu - British thermal unit

hr - hour

kW - kilowatt electrical

kWh - kilowatt hour

lb - pounds

mmBtu - million Btu

MW_e - megawatt electrical

ton - 2000 pounds

TPH - tons per hour

CO₂ - carbon dioxide

NO_x - nitrogen oxides

O₂ - oxygen.

§45-26-4. NO_x Budget Trading Program Applicability.

4.1. The following electric generating units in West Virginia (or units, as defined in subsection 2.68.) shall be designated NO_x Budget units, and any source that includes one or more such units shall be a NO_x budget source, subject to the requirements of this rule:

4.1.a. For units that commenced operation before January 1, 1997, a unit which served during 1995 or 1996 a generator that had a nameplate capacity greater than 25 MW_e and produced electricity for sale under a firm contract to the electric grid;

4.1.b. For units that commenced operation on or after January 1, 1997 and before January 1, 1999, a unit which served during 1997 or 1998 a generator that had a nameplate capacity greater than 25 MW_e

and produced electricity for sale under a firm contract to the electric grid; and

4.1.c. For units that commence operation on or after January 1, 1999, a unit serving at any time a generator that has a nameplate capacity greater than 25 MW_e and produces electricity for sale.

4.2.a. Notwithstanding subsection 4.1., a unit under subdivisions 4.1.a., 4.1.b. or 4.1.c. that has a federally enforceable permit which includes a NO_x emission limitation restricting NO_x emissions during an ozone season to 25 tons or less and includes the special provisions in subdivision 4.2.d. shall be exempt from the requirements of the NO_x Budget Trading Program, except for the provisions of this subdivision, sections 2. and 3.; subsection 4.1.; section 7., sections 40. through 42., sections 50. through 57. and sections 60. through 62. The NO_x emission limitation under this subdivision shall restrict NO_x emissions during the ozone season by limiting unit operating hours. The restriction on unit operating hours shall be calculated by dividing 25 tons by the unit's maximum potential hourly NO_x mass emissions, which shall equal the unit's maximum rated hourly heat input multiplied by the highest default NO_x emission rate otherwise applicable to the unit under 40 CFR 75.19.

4.2.b. The exemption under subdivision 4.2.a. shall become effective as follows:

4.2.b.1. The exemption shall become effective on the date on which the NO_x emission limitation and the special provisions in the permit under subdivision 4.2.a. become final; or

4.2.b.2. If the NO_x emission limitation and the special provisions in the permit under subdivision 4.2.a. become final during an ozone season and after the first date on which the unit operates during such ozone season, then the exemption shall become effective on May 1 of such ozone season, provided that such NO_x emission limitation and the special provisions apply to the unit as of such first date of operation. If such NO_x emission limitation and the special provisions do not apply to the unit as of such first date of operation, then the exemption under subdivision 4.2.a. shall become effective on October 1 of the year during which such NO_x emission limitation and the special provisions become final.

4.2.c. The Secretary will provide the

Administrator written notice of the issuance of a federally enforceable permit under subdivision 4.2.a. for a unit under subdivisions 4.1.a., 4.1.b. or 4.1.c. and, upon request by the Administrator, a copy of the permit.

4.2.d. Special provisions.

4.2.d.1. A unit exempt under subdivision 4.2.a. shall comply with the restriction on unit operating hours described in subdivision 4.2.a. during the ozone season in each year.

4.2.d.2. The Secretary will allocate NO_x allowances to the unit under subsections 41.1., 41.2., 41.3., 42.2. and subdivision 42.1.a. For each ozone season for which the unit is allocated NO_x allowances under subsections 41.1., 41.2., 41.3., 42.2. and subdivision 42.1.a.:

4.2.d.2.A. The owners and operators of the unit must specify a general account, in which the Secretary will record the NO_x allowances; and

4.2.d.2.B. After the Secretary records a NO_x allowance allocation under subsections 41.1., 41.2., 41.3., 42.2. and subdivision 42.1.a., the Secretary will deduct, from the general account under subparagraph 4.2.d.2.A., NO_x allowances that are allocated for the same or a prior ozone season as the NO_x allowances allocated to the unit under subsections 41.1., 41.2., 41.3., 42.2. and subdivision 42.1.a. and that equal the NO_x emission limitation (in tons of NO_x) on which the unit's exemption under subdivision 4.2.a. is based. The NO_x authorized account representative shall ensure that such general account contains the NO_x allowances necessary for completion of such deduction.

4.2.d.3. A unit exempt under subdivisions 4.2.a. and 4.2.b. shall report hours of unit operation during the ozone season in each year to the Secretary by November 1 of that year.

4.2.d.4. For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under subdivision 4.2.a. shall retain, at the source that includes the unit, records demonstrating that the conditions of the federally enforceable permit under subdivision 4.2.a. were met, including the restriction on unit operating hours. The 5-year period for keeping records may be extended for cause, at any time prior to the end of the period, in

writing by the Secretary or the Administrator. The owners and operators bear the burden of proof that the unit met the restriction on unit operating hours.

4.2.d.5. The owners and operators, and to the extent applicable, the NO_x authorized account representative of a unit exempt under subdivision 4.2.a. shall comply with the requirements of the NO_x Budget Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise or must be complied with, after the exemption takes effect.

4.2.d.6. On the earlier of the following dates, a unit exempt under subdivision 4.2.a. shall lose its exemption:

4.2.d.6.A. The date on which the restriction on unit operating hours described in subdivision 4.2.a. is removed from the unit's federally enforceable permit or otherwise becomes no longer applicable to any ozone season starting in 2004; or

4.2.d.6.B. The first date on which the unit fails to comply, or with regard to which the owners and operators fail to meet their burden of proving that the unit is complying, with the restriction on unit operating hours described in subdivision 4.2.a. during any ozone season starting in 2004.

4.2.d.7. A unit that loses its exemption in accordance with paragraph 4.2.d.6. shall be subject to the requirements of this rule. For the purpose of applying permitting requirements under sections 20. through 24., allocating allowances under sections 40. through 42., and applying monitoring requirements under sections 70. through 76., the unit shall be treated as commencing commercial operation on the date the unit loses its exemption.

§45-26-5. Retired Unit Exemption.

5.1. This section applies to any NO_x Budget unit that is permanently retired.

5.2.a. Any NO_x Budget unit that is permanently retired shall be exempt from the NO_x Budget Trading Program, except for the provisions of this section, sections 2., 3., 4. and 7.; sections 40. through 42., sections 50. through 57. and sections 60. through 62.

5.2.b. The exemption under subsection 5.2.a.

shall become effective the day on which the unit is permanently retired. Within 30 days of permanent retirement, the NO_x authorized account representative (authorized in accordance with sections 10. through 14.) shall submit a statement to the Secretary (and a copy of the statement to the Administrator) which states, in a format prescribed by the Secretary, that the unit is permanently retired and will comply with the special provisions of subsection 5.3.

5.2.c. After receipt of the notice under subdivision 5.2.b., the Secretary will amend any permit covering the source at which the unit is located to add the provisions and requirements of the exemption under subdivision 5.2.a. and subsection 5.3.

5.3. Retired units exempted under this section shall be subject to the following special provisions:

5.3.a. A unit exempt under this section shall not emit any nitrogen oxides, starting on the date that the exemption takes effect;

5.3.b. The Secretary will allocate NO_x allowances in accordance with sections 40. through 42. to a unit exempt under this section. For each ozone season for which the unit is allocated one or more NO_x allowances, the owners and operators of the unit shall specify a general account, in which the Secretary will record such NO_x allowances;

5.3.c. For a period of 5 years from the date the records are created, the owners and operators of a unit exempt under this section shall retain at the source that includes the unit, records demonstrating that the unit is permanently retired. The 5-year period for keeping records may be extended for cause, at any time prior to the end of the period, in writing by the Secretary or the Administrator. The owners and operators bear the burden of proof that the unit is permanently retired; and

5.3.d. The owners and operators and, to the extent applicable, the NO_x authorized account representative of a unit exempt under this section shall comply with the requirements of the NO_x Budget Trading Program concerning all periods for which the exemption is not in effect, even if such requirements arise or must be complied with, after the exemption takes effect;

5.3.e.1. A unit exempt under this section

and located at a source that is required or but for this exemption would be required, to have a title V operating permit shall not resume operation unless the NO_x authorized account representative of the source submits a complete NO_x budget permit application under section 22. for the unit not less than 18 months (or such lesser time provided by the Secretary) before the later of May 31, 2004 or the date on which the unit is to first resume operation; and

5.3.e.2. A unit exempt under this section and located at a source that is required or but for this exemption would be required, to have a non-title V permit shall not resume operation unless the NO_x authorized account representative of the source submits a complete NO_x budget permit application under section 22. for the unit not less than 18 months (or such lesser time provided by the Secretary) before the later of May 31, 2004 or the date on which the unit is to first resume operation;

5.3.f. Loss of exemption. -- On the earlier of the following dates, a unit exempt under subsection 5.2. shall lose its exemption:

5.3.f.1. The date on which the NO_x authorized account representative submits a NO_x budget permit application under paragraphs 5.3.e.1. and 5.3.e.2.; or

5.3.f.2. The date on which the NO_x authorized account representative is required under paragraphs 5.3.e.1. and 5.3.e.2. to submit a NO_x budget permit application; or

5.3.f.3. The date on which the unit resumes operation, if the authorized account representative is not required to submit a NO_x budget permit application.

5.3.g. For the purpose of applying monitoring requirements under sections 70. through 76., a unit that loses its exemption under this section shall be treated as a unit that commences operation or commercial operation on the first date on which the unit resumes operation.

§45-26-6. NO_x Budget Trading Program Standard Requirements.

6.1. Permit Requirements.

6.1.a. The NO_x authorized account representative of each NO_x budget source required to have a federally enforceable permit and each NO_x Budget unit required to have a federally enforceable permit at the source shall:

6.1.a.1. Submit to the Secretary a complete NO_x budget permit application under section 22. in accordance with the deadlines specified in subsections 21.2. and 21.3.; and

6.1.a.2. Submit in a timely manner any supplemental information that the Secretary determines is necessary in order to review a NO_x budget permit application and issue or deny a NO_x budget permit.

6.1.b. The owners and operators of each NO_x budget source required to have a federally enforceable permit and each NO_x Budget unit required to have a federally enforceable permit at the source shall have a NO_x budget permit issued by the Secretary and operate the unit in compliance with such NO_x budget permit.

6.2. Monitoring requirements.

6.2.a. The owners and operators, and to the extent applicable, the NO_x authorized account representative of each NO_x budget source and each NO_x Budget unit at the source shall comply with the monitoring requirements of sections 70. through 76.

6.2.b. The emissions measurements recorded and reported in accordance with sections 70. through 76. shall be used to determine compliance by the unit with the NO_x budget emissions limitation under subsection 6.3.

6.3. Nitrogen oxides requirements.

6.3.a. The owners and operators of each NO_x budget source and each NO_x Budget unit at the source shall hold NO_x allowances available for compliance deductions under section 54., as of the NO_x allowance transfer deadline, in the unit's compliance account and the source's overdraft account in an amount not less than the total NO_x emissions for the ozone season from the unit, as determined in accordance with sections 70. through 76., plus any amount necessary to account for actual heat input under subsection 42.5. for the ozone season or to account for excess emission for a prior ozone season under subsection 54.4. or to

account for the withdrawal from the NO_x Budget Trading Program.

6.3.b. Each ton of nitrogen oxides emitted in excess of the NO_x budget emissions limitation shall constitute a separate violation of this rule, the CAA and W.Va. Code §§22-5-1 et seq.

6.3.c. A NO_x Budget unit shall be subject to the requirements under subdivision 6.3.a. starting on the later of May 31, 2004 or the date on which the unit commences operation.

6.3.d. NO_x allowances shall be held in, deducted from or transferred among NO_x Allowance Tracking System accounts in accordance with sections 40. through 42., sections 50. through 57. and sections 60. through 62.

6.3.e. A NO_x allowance shall not be deducted, in order to comply with the requirements under subdivision 6.3.a., for an ozone season in a year prior to the year for which the NO_x allowance was allocated.

6.3.f. A NO_x allowance allocated by the Secretary or the Administrator under the NO_x Budget Trading Program is a limited authorization to emit one ton of nitrogen oxides in accordance with the NO_x Budget Trading Program. No provision of the NO_x Budget Trading Program, the NO_x budget permit application, the NO_x budget permit or an exemption under section 5. and no provision of law shall be construed to limit the authority of the Administrator or the Secretary to terminate or limit such authorization.

6.3.g. A NO_x allowance allocated by the Secretary or the Administrator under the NO_x Budget Trading Program does not constitute a property right.

6.3.h. Upon recordation by the Administrator under sections 50. through 57. or sections 60. through 62., every allocation, transfer or deduction of a NO_x allowance to or from a NO_x Budget unit's compliance account or the overdraft account of the source where the unit is located is deemed to amend automatically and become a part of, any NO_x budget permit of the NO_x Budget unit by operation of law without any further review.

6.4. Excess emissions requirements.

6.4.a. The owners and operators of a NO_x

Budget unit that has excess emissions in any ozone season shall:

6.4.a.1. Surrender the NO_x allowances required for deduction under subdivision 54.4.a.; and

6.4.a.2. Pay any fine, penalty or assessment or comply with any other remedy imposed under subdivision 54.4.c.

6.5. Recordkeeping and reporting requirements.

6.5.a. Unless otherwise provided, the owners and operators of the NO_x budget source and each NO_x Budget unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the Secretary or the Administrator.

6.5.a.1. The account certificate of representation for the NO_x authorized account representative for the source and each NO_x Budget unit at the source and all documents that demonstrate the truth of the statements in the account certificate of representation, in accordance with section 13.; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new account certificate of representation changing the NO_x authorized account representative.

6.5.a.2. All emissions monitoring information, in accordance with sections 70. through 76.; provided that to the extent that sections 70. through 76. provides for a 3-year period for recordkeeping, the 3-year period shall apply.

6.5.a.3. Copies of all reports, compliance certifications and other submissions and all records made or required under the NO_x Budget Trading Program.

6.5.a.4. Copies of all documents used to complete a NO_x budget permit application and any other submission under the NO_x Budget Trading Program or to demonstrate compliance with the requirements of the NO_x Budget Trading Program.

6.5.b. The NO_x authorized account representative of a NO_x budget source and each NO_x

Budget unit at the source shall submit the reports and compliance certifications required under the NO_x Budget Trading Program, including those under sections 30. and 31. or sections 70. through 76.

6.6. Liability.

6.6.a. Any person who knowingly violates any requirement or prohibition of the NO_x Budget Trading Program, a NO_x budget permit or an exemption under subdivision 4.2.a. or section 5. shall be subject to enforcement pursuant to §§22-5-1 et seq. or the CAA.

6.6.b. Any person who knowingly makes a false material statement in any record, submission or report under the NO_x Budget Trading Program shall be subject to enforcement pursuant to §§22-5-1 et seq. or the CAA.

6.6.c. No permit revision shall excuse any violation of the requirements of the NO_x Budget Trading Program that occurs prior to the date that the revision takes effect.

6.6.d. Each NO_x budget source and each NO_x Budget unit shall meet the requirements of the NO_x Budget Trading Program.

6.6.e. Any provision of the NO_x Budget Trading Program that applies to a NO_x budget source (including a provision applicable to the NO_x authorized account representative of a NO_x budget source) shall also apply to the owners and operators of such source and of the NO_x Budget units at the source.

6.6.f. Any provision of the NO_x Budget Trading Program that applies to a NO_x Budget unit (including a provision applicable to the NO_x authorized account representative of a NO_x Budget unit) shall also apply to the owners and operators of such unit. Except with regard to the requirements applicable to units with a common stack under sections 70. through 76., the owners and operators and the NO_x authorized account representative of one NO_x Budget unit shall not be liable for any violation by any other NO_x Budget unit of which they are not owners or operators or the NO_x authorized account representative and that is located at a source of which they are not owners or operators or the NO_x authorized account representative.

6.7. Effect on other authorities. -- No provision of the NO_x Budget Trading Program, a NO_x budget

permit application, a NO_x budget permit or an exemption under subdivision 4.2.a. or section 5. shall be construed as exempting or excluding the owners and operators and, to the extent applicable, the NO_x authorized account representative of a NO_x budget source or NO_x Budget unit from compliance with any other provision of §§22-5-1 et seq., the approved West Virginia state implementation plan, a federally enforceable permit or the CAA.

§45-26-7. Computation of Time.

7.1. Unless otherwise stated, any time period scheduled, under the NO_x Budget Trading Program, to begin on the occurrence of an act or event shall begin on the day the act or event occurs.

7.2. Unless otherwise stated, any time period scheduled, under the NO_x Budget Trading Program, to begin before the occurrence of an act or event shall be computed so that the period ends the day before the act or event occurs.

7.3. Unless otherwise stated, if the final day of any time period, under the NO_x Budget Trading Program, falls on a weekend or a state or federal holiday, the time period shall be extended to the next business day.

§45-26-10. Authorization and Responsibilities of the NO_x Authorized Account Representative.

10.1. Except as provided under section 11., each NO_x budget source, including all NO_x Budget units at the source, shall have one and only one NO_x authorized account representative, with regard to all matters under the NO_x Budget Trading Program concerning the source or any NO_x Budget unit at the source.

10.2. The NO_x authorized account representative of the NO_x budget source shall be selected by an agreement binding on the owners and operators of the source and all NO_x Budget units at the source.

10.3. Upon receipt by the Administrator of a complete account certificate of representation under section 13., the NO_x authorized account representative of the source shall represent and, by his or her representations, actions, inactions or submissions, legally bind each owner and operator of the NO_x

budget source represented and each NO_x Budget unit at the source in all matters pertaining to the NO_x Budget Trading Program, notwithstanding any agreement between the NO_x authorized account representative and such owners and operators. The owners and operators shall be bound by any decision or order issued to the NO_x authorized account representative by the Secretary, the Administrator or a court regarding the source or unit.

10.4. No NO_x budget permit shall be issued and no NO_x Allowance Tracking System account shall be established for a NO_x Budget unit at a source until the Administrator has received a complete account certificate of representation under section 13. for a NO_x authorized account representative of the source and the NO_x Budget units at the source.

10.5.a. Each submission under the NO_x Budget Trading Program shall be submitted, signed and certified by the NO_x authorized account representative for each NO_x budget source on behalf of which the submission is made. Each such submission shall include the following certification statement by the NO_x authorized account representative: "I am authorized to make this submission on behalf of the owners and operators of the NO_x budget sources or NO_x Budget 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 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."

10.5.b. The Secretary and the Administrator will accept or act on a submission made on behalf of owner or operators of a NO_x budget source or a NO_x Budget unit only if the submission has been made, signed and certified in accordance with subsection 10.5.a.

§45-26-11. Alternate NO_x Authorized Account Representative.

11.1. An account certificate of representation may

designate one and only one alternate NO_x authorized account representative who may act on behalf of the NO_x authorized account representative. The agreement by which the alternate NO_x authorized account representative is selected shall include a procedure for authorizing the alternate NO_x authorized account representative to act in lieu of the NO_x authorized account representative.

11.2. Upon receipt by the Administrator of a complete account certificate of representation under section 13., any representation, action, inaction or submission by the alternate NO_x authorized account representative shall be deemed to be a representation, action, inaction or submission by the NO_x authorized account representative.

11.3. Except in this section and subsection 10.1., sections 12., 13. and 51., whenever the term "NO_x authorized account representative" is used in this rule, the term shall be construed to include the alternate NO_x authorized account representative.

§45-26-12. Changing the NO_x Authorized Account Representative and the Alternate NO_x Authorized Account Representative; Changes in Owners and Operators.

12.1. Changing the NO_x authorized account representative. -- The NO_x authorized account representative may be changed at any time upon receipt by the Administrator of a superseding complete account certificate of representation under section 13. Notwithstanding any such change, all representations, actions, inactions and submissions by the previous NO_x authorized account representative prior to the time and date when the Administrator receives the superseding account certificate of representation shall be binding on the new NO_x authorized account representative and the owners and operators of the NO_x budget source and the NO_x Budget units at the source.

12.2. Changing the alternate NO_x authorized account representative. -- The alternate NO_x authorized account representative may be changed at any time upon receipt by the Administrator of a superseding complete account certificate of representation under section 13. Notwithstanding any such change, all representations, actions, inactions and submissions by the previous alternate NO_x authorized account representative prior to the time and date when

the Administrator receives the superseding account certificate of representation shall be binding on the new alternate NO_x authorized account representative and the owners and operators of the NO_x budget source and the NO_x Budget units at the source.

12.3. Changes in owners and operators.

12.3.a. In the event a new owner or operator of a NO_x budget source or a NO_x Budget unit is not included in the list of owners and operators submitted in the account certificate of representation, such new owner or operator shall be deemed to be subject to and bound by the account certificate of representation, the representations, actions, inactions and submissions of the NO_x authorized account representative and any alternate NO_x authorized account representative of the source or unit and the decisions orders, actions and inactions of the Secretary or the Administrator, as if the new owner or operator were included in such list.

12.3.b. Within 30 days following any change in the owners and operators of a NO_x budget source or a NO_x Budget unit, including the addition of a new owner or operator, the NO_x authorized account representative or alternate NO_x authorized account representative shall submit to the Administrator a revision to the account certificate of representation amending the list of owners and operators to include the change.

§45-26-13. Account Certificate of Representation.

13.1. A complete account certificate of representation for a NO_x authorized account representative or an alternate NO_x authorized account representative shall include the following elements in a format prescribed by the Administrator:

13.1.a. Identification of the NO_x budget source and each NO_x Budget unit at the source for which the account certificate of representation is submitted;

13.1.b. The name, address, e-mail address (if any), telephone number and facsimile transmission number (if any) of the NO_x authorized account representative and any alternate NO_x authorized account representative;

13.1.c. A list of the owners and operators of the NO_x budget source and of each NO_x Budget unit

at the source;

13.1.d. The following certification statement by the NO_x authorized account representative and any alternate NO_x authorized account representative: "I certify that I was selected as the NO_x authorized account representative or alternate NO_x authorized account representative, as applicable, by an agreement binding on the owners and operators of the NO_x budget source and each NO_x Budget unit at the source. I certify that I have all the necessary authority to carry out my duties and responsibilities under the NO_x Budget Trading Program on behalf of the owners and operators of the NO_x budget source and of each NO_x Budget unit at the source and that each such owner and operator shall be fully bound by my representations, actions, inactions or submissions and by any decision or order issued to me by the Secretary, the Administrator or a court regarding the source or unit"; and

13.1.e. The signature of the NO_x authorized account representative and any alternate NO_x authorized account representative and the dates signed.

13.2. Unless otherwise required by the Secretary or the Administrator, documents of agreement referred to in the account certificate of representation shall not be submitted to the Secretary or the Administrator. Neither the Secretary nor the Administrator shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.

§45-26-14. Objections Concerning the NO_x Authorized Account Representative.

14.1. Once a complete account certificate of representation under section 13. has been submitted and received, the Secretary and the Administrator will rely on the account certificate of representation unless and until a superseding complete account certificate of representation under section 13. is received by the Administrator.

14.2. Except as provided in subsections 12.1. or 12.2., no objection or other communication submitted to the Secretary or the Administrator concerning the authorization or any representation, action, inaction or submission of the NO_x authorized account representative shall affect any representation, action, inaction or submission of the NO_x authorized account

representative or the finality of any decision or order by the Secretary or the Administrator under the NO_x Budget Trading Program.

14.3. Neither the Secretary nor the Administrator will adjudicate any private legal dispute concerning the authorization or any representation, action, inaction or submission of any NO_x authorized account representative, including private legal disputes concerning the proceeds of NO_x allowance transfers.

§45-26-20. General NO_x Budget Trading Program Permit Requirements.

20.1. For each NO_x budget source required to have a federally enforceable permit, such permit shall include a NO_x budget permit administered by the Secretary.

20.1.a. For NO_x budget sources required to have a title V operating permit, the NO_x budget portion of the title V permit shall be administered in accordance with 45CSR30, except as provided otherwise by section 20. The applicable provisions of 45CSR30 shall include, but are not limited to, those provisions addressing operating permit applications, operating permit application shield, operating permit duration, operating permit shield, operating permit issuance, operating permit revision and reopening, public participation and review by the Secretary and Administrator.

20.1.b. For NO_x budget sources required to have a non-title V permit, the NO_x budget portion of the non-title V permit shall be administered in accordance with 45CSR13, except as provided otherwise by sections 20. through 24. The applicable provisions of 45CSR13 may include, but are not limited to, provisions addressing permit applications, permit duration, permit issuance, permit revision and reopening, public participation and review by the Secretary.

20.2. Each NO_x budget permit (including a draft or proposed NO_x budget permit, if applicable) shall include all applicable NO_x Budget Trading Program requirements and shall be a complete and segregable portion of the permit under subsection 20.1.

§45-26-21. NO_x Budget Permit Applications.

21.1. Duty to apply. -- The NO_x authorized account representative of any NO_x budget source required to have a federally enforceable permit shall submit to the Secretary a complete NO_x budget permit application under section 22. by the applicable deadline in subsection 21.2.

21.2. Deadlines for NO_x budget permit applications.

21.2.a. For NO_x budget sources required to have a title V operating permit:

21.2.a.1. For any source, with one or more NO_x Budget units under subsection 4.1. that commenced operation before January 1, 2000, the NO_x authorized account representative shall submit a complete NO_x budget permit application under section 22. covering such NO_x Budget units to the Secretary at least 18 months before May 31, 2004; and

21.2.a.2. For any source, with any NO_x Budget unit under subsection 4.1. that commences operation on or after January 1, 2000, the NO_x authorized account representative shall submit a complete NO_x budget permit application under section 22. covering such NO_x Budget unit to the Secretary at least 6 months before the later of May 31, 2004 or the date on which the NO_x Budget unit commences operation.

21.2.b. For NO_x budget sources required to have a non-title V permit:

21.2.b.1. For any source, with one or more NO_x Budget units under subsection 4.1. that commenced operation before January 1, 2000, the NO_x authorized account representative shall submit a complete NO_x budget permit application under section 22. covering such NO_x Budget units to the Secretary at least 6 months before May 31, 2004; and

21.2.b.2. For any source, with any NO_x Budget unit under subsection 4.1. that commences operation on or after January 1, 2000, the NO_x authorized account representative shall submit a complete NO_x budget permit application under section 22. covering such NO_x Budget unit to the Secretary at least 6 months before the later of May 31, 2004 or the date on which the NO_x Budget unit commences operation.

21.3. Duty to reapply.

21.3.a. For a NO_x budget source required to have a title V operating permit, the NO_x authorized account representative shall submit a complete NO_x budget permit application under section 22. for the NO_x budget source covering the NO_x Budget units at the source in accordance with the operating permit renewal requirements set forth in 45CSR30.

21.3.b. For a NO_x budget source required to have a non-title V permit, the NO_x authorized account representative shall submit a complete NO_x budget permit application under section 22. for the NO_x budget source covering the NO_x Budget units at the source in accordance with 45CSR13.

§45-26-22. Information Requirements for NO_x Budget Permit Applications.

22.1. A complete NO_x budget permit application shall include the following elements concerning the NO_x budget source for which the application is submitted, in a format prescribed by the Secretary:

22.1.a. Identification of the NO_x budget source, including plant name and the ORIS (Office of Regulatory Information Systems) or facility code assigned to the source by the Energy Information Administration, if applicable;

22.1.b. Identification of each NO_x Budget unit at the NO_x budget source and whether it is a NO_x Budget unit under subsection 4.1.; and

22.1.c. The standard requirements under section 6.

§45-26-23. NO_x Budget Permit Contents.

23.1. Each NO_x budget permit (including any draft or proposed NO_x budget permit) will contain, in a format prescribed by the Secretary, all elements required for a complete NO_x budget permit application under section 22.

23.2. Each NO_x budget permit is deemed to incorporate automatically the definitions of terms under section 2. and, upon recordation by the Administrator under sections 50. through 57. or sections 60. through 62., every allocation, transfer or deduction of a NO_x allowance to or from the compliance accounts of the NO_x Budget units covered

by the permit or the overdraft account of the NO_x budget source covered by the permit.

§45-26-24. NO_x Budget Permit Revisions.

24.1. For a NO_x budget source with a title V operating permit, except as provided in subsection 23.2., the Secretary will revise the NO_x budget permit, as necessary, in accordance with the operating permit revision requirements set forth in 45CSR30.

24.2. For a NO_x budget source with a non-title V permit, except as provided in subsection 23.2., the Secretary will reissue the NO_x budget permit as necessary, in accordance with 45CSR13.

§45-26-30. Compliance Certification Report.

30.1. Applicability and deadline. -- For each ozone season in which one or more NO_x Budget units at a source are subject to the NO_x budget emissions limitation, the NO_x authorized account representative of the source shall submit to the Secretary and the Administrator by November 30 of that year, a compliance certification report for each source covering all such units.

30.2. Contents of report. -- The NO_x authorized account representative shall include in the compliance certification report under subsection 30.1. the following elements, in a format prescribed by the Administrator, concerning each unit at the source and subject to the NO_x budget emissions limitation for the ozone season covered by the report:

30.2.a. Identification of each NO_x Budget unit;

30.2.b. At the NO_x authorized account representative's option, the serial numbers of the NO_x allowances that are to be deducted from each unit's compliance account under section 54. for the ozone season;

30.2.c. At the NO_x authorized account representative's option, for units sharing a common stack and having NO_x emissions that are not monitored separately or apportioned in accordance with sections 70. through 76., the percentage of allowances that is to be deducted from each unit's compliance account under subsection 54.5.; and

30.2.d. The compliance certification under subsection 30.3.

30.3. Compliance certification. -- In the compliance certification report under subsection 30.1., the NO_x authorized account representative shall certify, based on reasonable inquiry of those persons with primary responsibility for operating the source and the NO_x Budget units at the source in compliance with the NO_x Budget Trading Program, whether each NO_x Budget unit for which the compliance certification is submitted was operated during the calendar year covered by the report in compliance with the requirements of the NO_x Budget Trading Program applicable to the unit, including:

30.3.a. Whether the unit was operated in compliance with the NO_x budget emissions limitation;

30.3.b. Whether the monitoring plan that governs the unit has been maintained to reflect the actual operation and monitoring of the unit and contains all information necessary to attribute NO_x emissions to the unit, in accordance with sections 70. through 76.;

30.3.c. Whether all the NO_x emissions from the unit or a group of units (including the unit) using a common stack, were monitored or accounted for through the missing data procedures and reported in the quarterly monitoring reports, including whether conditional data were reported in the quarterly reports in accordance with sections 70. through 76. If conditional data were reported, the owner or operator shall indicate whether the status of all conditional data has been resolved and all necessary quarterly report resubmissions have been made;

30.3.d. Whether the facts that form the basis for certification under sections 70. through 76. of each monitor at the unit or a group of units (including the unit) using a common stack or for using an excepted monitoring method or alternative monitoring method approved under sections 70. through 76., if any, have changed; and

30.3.e. If a change is required to be reported under subdivision 30.3.d., specify the nature of the change, the reason for the change, when the change occurred and how the unit's compliance status was determined subsequent to the change, including what method was used to determine emissions when a change mandated the need for monitor recertification.

§45-26-31. Secretary's and Administrator's Action on Compliance Certifications.

31.1. The Secretary or the Administrator may review and conduct independent audits concerning any compliance certification or any other submission under the NO_x Budget Trading Program and make appropriate adjustments of the information in the compliance certifications or other submissions.

31.2. The Administrator may deduct NO_x allowances from or transfer NO_x allowances to a unit's compliance account or a source's overdraft account based on the information in the compliance certifications or other submissions, as adjusted under subsection 31.1.

§45-26-40. State NO_x Trading Program Budget.

40.1. In accordance with sections 41. and 42., the Secretary will allocate to the NO_x Budget units under subsection 4.1. for each ozone season specified in section 41., a total number of allowances equal to 37,125 tons, less the sum of the NO_x emission limitations (in tons) for each unit exempt under subdivision 4.2.a. that is not allocated any NO_x allowances under subsection 42.2. for the ozone season and whose NO_x emission limitation (in tons of NO_x) is not included in the amount calculated under subparagraph 42.4.e.2.B. for the ozone season.

§45-26-41. Timing Requirements for State NO_x Allowance Allocations.

41.1. By April 1, 2002, the Secretary will determine by order and submit to the Administrator the state NO_x allowance allocations, in accordance with subdivision 42.1.a. and subsection 42.2., for the ozone seasons in 2004 through 2007.

41.2. By April 1, 2005, the Secretary will determine by order and submit to the Administrator the NO_x allowance allocations, in accordance with subdivision 42.1.a. and subsection 42.2. for the ozone seasons in 2008 through 2012.

41.3. By April 1, 2010, by April 1 of 2015 and thereafter by April 1 of the year that is 5 years after the last year for which NO_x allowance allocations are determined, the Secretary will determine by order and

submit to the Administrator the NO_x allowance allocations, in accordance with subdivision 42.1.a. and subsection 42.2. for the ozone seasons in the years that are 3, 4, 5, 6 and 7 years after the applicable deadline under this subsection.

41.4. By April 1, 2004 and April 1 of each year thereafter, the Secretary will determine by order and submit to the Administrator the NO_x allowance allocations from the allocation set-aside, in accordance with subsection 42.4., for the ozone season in the year of the applicable deadline under this subsection.

41.5. The Secretary will make available to the public and the Administrator the draft order determining the NO_x allowance allocations under subsections 41.2., 41.3. or 41.4. by February 1 of the applicable year by filing the draft order with the Secretary of State for publication in the State Register and submittal to the Administrator. The draft order shall be accompanied with a notice providing for a 30 day comment period during which the submission of written objections to the determinations in the draft order will be accepted. Objections shall be limited to addressing whether the determinations are in accordance with section 42. Based on any such objections, the Secretary will adjust each determination to the extent necessary to ensure that it is in accordance with section 42. If error in any such order is discovered after the April 1 issuance of the final orders, the Secretary may issue a revised order making correction to such orders. Any such revised final order shall then be submitted to the Administrator, filed with the Secretary of State and published in the State Register.

§45-26-42. State NO_x Allowance Allocations.

42.1.a. The heat input (in mmBtu) used for calculating state NO_x allowance allocations for each NO_x Budget unit under subsection 4.1. will be:

42.1.a.1. For a state NO_x allowance allocation under subsection 41.1., the average of the two highest amounts of the unit's heat input for the ozone seasons 1995 through 1998.

42.1.a.2. For a NO_x allowance allocation under subsection 41.2., the unit's average heat input for the ozone seasons in 2002 through 2004.

42.1.a.3. For a NO_x allowance allocation under subsection 41.3., the unit's average heat input for the ozone season in the years that are 4, 5, 6, 7 and 8 years before the first ozone season for which the allocation is being calculated.

42.1.b. The unit's total heat input for the ozone season in each year specified under subdivision 42.1.a. will be determined in accordance with 40 CFR Part 75. Notwithstanding the first sentence of this subdivision:

42.1.b.1. For a NO_x allowance allocation under subsection 41.1., such heat input will be determined using the best available data reported to the Secretary for the unit if the unit was not otherwise subject to the requirements of 40 CFR Part 75 for the ozone season; and

42.1.b.2. For a NO_x allowance allocation under subsections 41.2. or 41.3., for a unit exempt under subdivision 4.2.a., such heat input shall be treated as zero if the unit is exempt under subdivision 4.2.a. during the ozone season.

42.2. For each block of ozone seasons specified in subsections 41.1., 41.2. and 41.3., the Secretary will allocate to all NO_x Budget units under subsection 4.1. that commenced operation before: May 1, 1997 for allocations under subsection 41.1.; May 1, 2003 for allocations under subsection 41.2.; and May 1 of the year 5 years before the first ozone season for which the allocation under subsection 41.3. is being calculated, a total number of NO_x allowances equal to the portion of state trading program budget under section 40. covering such units less the allocation set-aside set forth in subdivision 42.4.a. The Secretary will allocate in accordance with the following procedures:

42.2.a. The Secretary will allocate NO_x allowances to each NO_x Budget unit under subsection 4.1. for each ozone season in an amount that does not exceed the lesser of:

42.2.a.1. 0.15 lb/mmBtu multiplied by the heat input determined under subdivision 42.1.a., divided by 2,000 lb/ton and rounded to the nearest whole number of NO_x allowances as appropriate; or

42.2.a.2. The unit's most stringent state or federal NO_x emission limitation multiplied by the heat input determined under subdivision 42.1.a., divided by

2,000 lb/ton and rounded to the nearest whole number of NO_x allowances as appropriate.

42.2.b. If the initial total number of NO_x allowances allocated to all NO_x Budget units under subsection 4.1. for an ozone season under subdivision 42.2.a. does not equal the portion of state trading program budget under section 40. covering such units less the allocation set-aside set forth in subdivision 42.4.a., the Secretary will adjust the total number of NO_x allowances allocated to all such NO_x Budget units for the ozone season under subdivision 42.2.a. so that the total number of NO_x allowances allocated does equal such portion of state trading program budget less the allocation set-aside set forth in subdivision 42.4.a. This adjustment will be made by multiplying each unit's allocation by the portion of the state trading program budget less the allocation set-aside set forth in subdivision 42.4.a.; dividing by the total number of NO_x allowances allocated under subdivision 42.2.a. for the ozone season; and rounding to the nearest whole number of NO_x allowances as appropriate.

42.3. Reserved.

42.4. New source NO_x allocation set-aside. -- For each ozone season under subsection 41.4., the Secretary will allocate NO_x allowances from the allocation set-aside to NO_x Budget units under subsection 4.1. (except for units exempt under subdivision 4.2.a.) that commence operation or are projected to commence operation, on or after: May 1, 1997 (for ozone seasons under subsection 41.1.); May 1, 2003 (for ozone seasons under subsection 41.2.); and May 1 of the year 5 years before the beginning of the group of 5 years that includes the ozone season (for ozone seasons under subsection 41.3.). The Secretary will make the allocations under this subsection in accordance with the following procedures:

42.4.a. The Secretary will establish one allocation set-aside for each ozone season. Each allocation set-aside will be allocated NO_x allowances equal to 5,833 tons of NO_x emissions in the state NO_x trading program budget under section 40., rounded to the nearest whole number of NO_x allowances as appropriate;

42.4.b. The NO_x authorized account representative of a NO_x Budget unit under subsection 42.4. may submit to the Secretary a request, in writing

or in a format specified by the Secretary, to be allocated NO_x allowances from the allocation set-aside for the ozone season. The NO_x allowance allocation request must be received by the Secretary on or after the date on which the Secretary issues a permit to construct the unit and by January 1 before the ozone season for which NO_x allowances are requested;

42.4.c. In the NO_x allowance allocation request under subdivision 42.4.b., the NO_x authorized account representative for a NO_x Budget unit under subsection 4.1. may request for the ozone season NO_x allowances in an amount that does not exceed the lesser of:

42.4.c.1. 0.15 lb/mmBtu multiplied by the unit's maximum design heat input, multiplied by the lesser of 3,672 hours or the number of hours remaining in the ozone season starting with the day in the ozone season on which the unit commences operation or is projected to commence operation, divided by 2,000 lb/ton and rounded to the nearest whole number of NO_x allowances as appropriate; or

42.4.c.2. The unit's most stringent state or federal NO_x emission limitation multiplied by the unit's maximum design heat input, multiplied by the lesser of 3,672 hours or the number of hours remaining in the ozone season starting with the day in the ozone season on which the unit commences operation or is projected to commence operation, divided by 2,000 lb/ton and rounded to the nearest whole number of NO_x allowances as appropriate.

42.4.d. Reserved.

42.4.e. The Secretary will review each NO_x allowance allocation request submitted in accordance with subdivision 42.4.b. and will allocate NO_x allowances pursuant to such request as follows:

42.4.e.1. Upon receipt of the NO_x allowance allocation request, the Secretary will make any necessary adjustments to the request to ensure the requirements of subsection 42.4. and subdivisions 42.4.b. and 42.4.c. are met;

42.4.e.2. The Secretary will determine the following amounts:

42.4.e.2.A. The sum of the NO_x allowances requested (as adjusted under paragraph

42.4.e.1.) in all NO_x allowance allocation requests under subdivision 42.4.b. for the ozone season; and

42.4.e.2.B. For units exempt under subdivision 4.2.a. that commenced operation, or are projected to commence operation, on or after May 1, 1997 (for ozone seasons under subsection 41.1.); May 1, 2003, (for ozone seasons under subsection 41.2.); and May 1 of the year 5 years before the beginning of the group of 5 years that includes the ozone season (for ozone seasons under subsection 41.3.), the sum of the NO_x emission limitations (in tons of NO_x) on which each unit's exemption under subdivision 4.2.a. is based;

42.4.e.3. If the number of NO_x allowances in the allocation set-aside for the ozone season less the amount under subparagraph 42.4.e.2.B. is not less than the amount determined under subparagraph 42.4.e.2.A., the Secretary will allocate the amount of the NO_x allowances requested (as adjusted under paragraph 42.4.e.1.) to the NO_x Budget unit for which the allocation request was submitted; and

42.4.e.4. If the number of NO_x allowances in the allocation set-aside for the ozone season less the amount under subparagraph 42.4.e.2.B. is less than the amount determined under subparagraph 42.4.e.2.A., the Secretary will allocate, to the NO_x Budget unit for which the allocation request was submitted, the amount of NO_x allowances requested (as adjusted under paragraph 42.4.e.1.) multiplied by the number of NO_x allowances in the allocation set-aside for the ozone season less the amount determined under subparagraph 42.4.e.2.B., divided by the amount determined under subparagraph 42.4.e.2.A. and rounded to the nearest whole number of NO_x allowances as appropriate.

42.5. For a NO_x Budget unit that is allocated NO_x allowances under subsection 42.4. for an ozone season, the Administrator will deduct NO_x allowances under subsections 54.2., 54.5. or 54.6. to account for the actual heat input of the unit during the ozone season. The Administrator will calculate the number of NO_x allowances to be deducted to account for the unit's actual heat input using the following formulas and rounding to the nearest whole number of NO_x allowances as appropriate, provided that the number of NO_x allowances to be deducted shall be zero if the number calculated is less than zero:

NO_x allowances deducted for actual heat input

for units under subsection 4.1. = (unit's NO_x allowances allocated for ozone season) - [(unit's actual ozone season heat input X the lessor of 0.15 lb/mmBtu or the unit's most stringent state or federal NO_x emission limitation) ÷ 2000 lb/ton].

where:

"Unit's NO_x allowances allocated for ozone season" is the number of NO_x allowances allocated to the unit for the ozone season under subsection 42.4.; and

"Unit's actual ozone season heat input" is the heat input (in mmBtu) of the unit during the ozone season.

42.6. After making the deductions for compliance under subsections 54.2., 54.5. or 54.6. for an ozone season, the Administrator will determine whether any NO_x allowances remain in the allocation set-aside for the ozone season. The Secretary will allocate any such NO_x allowances to the NO_x Budget units using the following formula and rounding to the nearest whole number of NO_x allowances as appropriate:

Unit's share of NO_x allowances remaining in allocation set-aside = (Total NO_x allowances remaining in allocation set-aside) X (Unit's NO_x allowance allocation) ÷ (state NO_x trading program budget excluding allocation set-aside)

where:

"Total NO_x allowances remaining in allocation set-aside" is the total number of NO_x allowances remaining in the allocation set-aside for the ozone season;

"Unit's NO_x allowance allocation" is the number of NO_x allowances allocated under subsection 42.2. to the unit for the ozone season to which the allocation set-aside applies; and

"State NO_x trading program budget excluding allocation set-aside" is the state NO_x trading program budget under section 40. for the ozone season to which the allocation set-aside applies less the allocation set-aside set forth in subdivision 42.4.a., rounded to the nearest whole number of NO_x allowances as appropriate.

42.7. If the Administrator determines that NO_x

allowances were allocated under subsections 42.2. or 42.4. for an ozone season and the recipient of the allocation is not actually a NO_x Budget unit under subsection 4.1., the Administrator will notify the NO_x authorized account representative and then will act in accordance with the following procedures:

42.7.a.1. The Administrator will not record such NO_x allowances for the ozone season in an account under section 53.;

42.7.a.2. If the Administrator already recorded such NO_x allowances for the ozone season in an account under section 53. and if the Administrator makes such determination before making all deductions pursuant to section 54. (except deductions pursuant to subdivision 54.4.b.) for the ozone season, then the Administrator will deduct from the account NO_x allowances equal in number to and allocated for the same or a prior ozone season as the NO_x allowances allocated to such recipient for the ozone season. The NO_x authorized account representative shall ensure the account contains the NO_x allowances necessary for completion of such deduction. If the account does not contain the necessary NO_x allowances, the Administrator will deduct the required number of NO_x allowances, regardless of the ozone season for which they were allocated, whenever NO_x allowances are recorded in the account or:

42.7.a.3. If the Administrator already recorded such NO_x allowances for the ozone season in an account under section 53. and if the Administrator makes such determination after making all deductions pursuant to section 54. (except deductions pursuant to subdivision 54.4.b.) for the ozone season, then the Administrator will apply paragraph 42.7.a.2. to any subsequent ozone season for which NO_x allowances were allocated to such recipient.

42.7.b. The Administrator will transfer the NO_x allowances that are not recorded, or that are deducted, pursuant to paragraphs 42.7.a.1., 42.7.a.2. and 42.7.a.3. to the state allocation set-aside.

§45-26-43. Compliance Supplement Pool.

43.1. For any NO_x Budget unit that reduces its NO_x emission rate in the 2002 or 2003 ozone season, the owners and operators may request early reduction credits in accordance with the following requirements:

43.1.a. Each NO_x Budget unit for which the owners and operators intend to request, or request, any early reduction credits in accordance with subdivision 43.1.d. shall monitor and report NO_x emissions in accordance with sections 70. through 76. starting in the 2001 ozone season and for each ozone season for which such early reduction credits are requested. The unit's percent monitor data availability shall not be less than 90 percent during the 2001 ozone season and the unit must be in full compliance with any applicable state or federal NO_x emission control requirements during 2001 through 2003;

43.1.b. NO_x emission rate and heat input under subdivisions 43.1.c. and 43.1.d. shall be determined in accordance with sections 70. through 76.;

43.1.c. Each NO_x Budget unit for which the owners and operators intend to request, or request, any early reduction credits under subdivision 43.1.d. shall reduce its NO_x emission rate, for each ozone season for which early reduction credits are requested, to less than both 0.25 lb/mmBtu and 80 percent of the unit's NO_x emission rate in the 2001 ozone season; and

43.1.d. The NO_x authorized account representative of a NO_x Budget unit that meets the requirements of subdivisions 43.1.a. and 43.1.c. may submit to the Secretary a request for early reduction credits for the unit based on NO_x emission rate reductions made by the unit in the ozone season for 2002 or 2003.

43.1.d.1. In the early reduction credit request, the NO_x authorized account representative may request early reduction credits for such ozone season in an amount equal to the unit's heat input for such ozone season multiplied by the difference between 0.25 lb/mmBtu and the unit's NO_x emission rate for such ozone season, divided by 2000 lb/ton and rounded to the nearest whole number of tons.

43.1.d.2. The early reduction credit request must be submitted in a format specified by the Secretary by February 1, 2004.

43.2. Reserved.

43.2.a. Reserved.

43.2.b. Reserved.

43.2.c. Reserved.

43.3. The Secretary will review each early reduction credit request submitted in accordance with subsection 43.1. and will allocate NO_x allowances to NO_x Budget units covered by such request as follows:

43.3.a. Upon receipt of each early reduction credit request, the Secretary will make any necessary adjustments to the request to ensure that the amount of the early reduction credits requested meets the requirements of subsection 43.1.;

43.3.b. After February 1, 2004, the Secretary will make available to the public a statement of the total number of early reduction credits requested by NO_x Budget units;

43.3.c. If the compliance supplement pool has a number of NO_x allowances not less than the amount of early reduction credits in all early reduction credit requests under subsection 43.1. for 2002 and 2003 (as adjusted under subdivision 43.3.a.) submitted by February 1, 2004, the Secretary will allocate to each NO_x Budget unit covered by such requests one allowance for each early reduction credit requested (as adjusted under subdivision 43.3.a.);

43.3.d. If the compliance supplement pool has a smaller number of NO_x allowances than the amount of early reduction credits in all early reduction credit requests under subsection 43.1. for 2002 and 2003 (as adjusted under subdivision 43.3.a.) submitted by February 1, 2004, the Secretary will allocate NO_x allowances to each NO_x Budget unit covered by such requests according to the following formula and rounding to the nearest whole number of NO_x allowances as appropriate:

Unit's allocation for early reduction credits =
Unit's adjusted early reduction credits X (state's
compliance supplement pool ÷ total adjusted early
reduction credits for all units)

Where:

"Unit's allocation for early reduction credits" is the number of NO_x allowances allocated to the unit for early reduction credits;

"Unit's adjusted early reduction credits" is the amount of early reduction credits requested for the unit for 2002 and 2003 in early reduction credit

requests under subsection 43.1., as adjusted under subdivision 43.3.a.;

“Compliance supplement pool” is the number of NO_x allowances in the state compliance supplement pool;

“Total adjusted early reduction credits for all units” is the amount of early reduction credits requested for all units for 2002 and 2003 in early reduction credit requests under subsection 43.1., as adjusted under subdivision 43.3.a.;

43.3.e. By April 1, 2004, the Secretary will determine by order the allocations under subdivisions 43.3.c. or 43.3.d. The Secretary will make available to the public each determination of NO_x allowance allocations and will provide an opportunity for submission of objections to the determination. Objections shall be limited to addressing whether the determination is in accordance with subdivisions 43.3.a., 43.3.c. or 43.3.d. Based on any such objections, the Secretary will adjust each determination to the extent necessary to ensure that it is in accordance with subdivisions 43.3.a., 43.3.c. or 43.3.d.;

43.3.f. By May 1, 2004, the Secretary will record the allocations under subdivisions 43.3.c. or 43.3.d.;

43.3.g. NO_x allowances recorded under subdivision 43.3.f. may be deducted for compliance under section 54. for the ozone season in 2004 or 2005. Notwithstanding subsection 55.1., the Secretary will deduct as retired any NO_x allowance that is recorded under subdivision 43.3.f. and that is not deducted for compliance under section 54. for the ozone season in 2004 or 2005; and

43.3.h. NO_x allowances recorded under subdivision 43.3.f. are treated as banked allowances in 2005 for the purposes of subsections 54.6. and 55.2.

§45-26-50. NO_x Allowance Tracking System Accounts.

50.1. Nature and function of compliance accounts and overdraft accounts. -- Consistent with subsection 51.1., the Administrator will establish one compliance account for each NO_x Budget unit and one overdraft account for each source with one or more NO_x Budget

units. Allocations of NO_x allowances pursuant to sections 40. through 42. and deductions or transfers of NO_x allowances pursuant to sections 31., 54. and 56. or sections 60. through 62. will be recorded in the compliance accounts or overdraft accounts in accordance with sections 50. through 57.

50.2. Nature and function of general accounts. -- Consistent with subsection 51.2., the Administrator will establish, upon request, a general account for any person. Allocations of NO_x allowances pursuant to paragraph 4.2.d.2. or subdivision 5.3.b. and transfers of allowances pursuant to sections 60. through 62. will be recorded in the general accounts in accordance with sections 50. through 57.

§45-26-51. Establishment of Accounts.

51.1. Compliance accounts and overdraft accounts. -- Upon receipt of a complete account certificate of representation under section 13., the Administrator will establish:

51.1.a. A compliance account for each NO_x Budget unit for which the account certificate of representation was submitted; and

51.1.b. An overdraft account for each source for which the account certificate of representation was submitted and that has two or more NO_x Budget units.

51.2. General accounts.

51.2.a. Any person may apply to open a general account for the purpose of holding and transferring allowances. A complete application for a general account shall be submitted to the Administrator and shall include the following elements in a format prescribed by the Administrator:

51.2.a.1. Name, mailing address, e-mail address (if any), telephone number and facsimile transmission number (if any) of the NO_x authorized account representative and any alternate NO_x authorized account representative;

51.2.a.2. At the option of the NO_x authorized account representative organization name and type of organization;

51.2.a.3. A list of all persons subject to a binding agreement for the NO_x authorized account

representative or any alternate NO_x authorized account representative to represent their ownership interest with respect to the allowances held in the general account;

51.2.a.4. The following certification statement by the NO_x authorized account representative and any alternate NO_x authorized account representative: "I certify that I was selected as the NO_x authorized account representative or the NO_x alternate authorized account representative, as applicable, by an agreement that is binding on all persons who have an ownership interest with respect to NO_x allowances held in the general account. I certify that I have all the necessary authority to carry out my duties and responsibilities under the NO_x Budget Trading Program on behalf of such persons and that each such person shall be fully bound by my representations, actions, inactions or submissions and by any order or decision issued to me by the Administrator or a court regarding the general account";

51.2.a.5. The signature of the NO_x authorized account representative and any alternate NO_x authorized account representative and the dates signed; and

51.2.a.6. Unless otherwise required by the Secretary or the Administrator, documents of agreement referred to in the account certificate of representation shall not be submitted to the Secretary or the Administrator. Neither the Secretary nor the Administrator shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.

51.2.b. Upon receipt by the Administrator of a complete application for a general account under subdivision 51.2.a.:

51.2.b.1. The Administrator will establish a general account for the person or persons for whom the application is submitted;

51.2.b.2. The NO_x authorized account representative and any alternate NO_x authorized account representative for the general account shall represent and, by his or her representations, actions, inactions or submissions, legally bind each person who has an ownership interest with respect to NO_x allowances held in the general account in all matters pertaining to the NO_x Budget Trading Program, not

withstanding any agreement between the NO_x authorized account representative or any alternate NO_x authorized account representative and such person. Any such person shall be bound by any order or decision issued to the NO_x authorized account representative or any alternate NO_x authorized account representative by the Administrator or a court regarding the general account;

51.2.b.3. Each submission concerning the general account shall be submitted, signed and certified by the NO_x authorized account representative or any alternate NO_x authorized account representative for the persons having an ownership interest with respect to NO_x allowances held in the general account. Each such submission shall include the following certification statement by the NO_x authorized account representative or any alternate NO_x authorized account representative any: "I am authorized to make this submission on behalf of the persons having an ownership interest with respect to the NO_x allowances held in the general account. 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 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"; and

51.2.b.4. The Administrator will accept or act on a submission concerning the general account only if the submission has been made, signed and certified in accordance with paragraph 51.2.b.3.

51.2.c.1. An application for a general account may designate one and only one NO_x authorized account representative and one and only one alternate NO_x authorized account representative who may act on behalf of the NO_x authorized account representative. The agreement by which the alternate NO_x authorized account representative is selected shall include a procedure for authorizing the alternate NO_x authorized account representative to act in lieu of the NO_x authorized account representative.

51.2.c.2. Upon receipt by the Administrator of a complete application for a general account under

subdivision 51.2.a., any representation, action, inaction or submission by any alternate NO_x authorized account representative shall be deemed to be a representation, action, inaction or submission by the NO_x authorized account representative.

51.2.d.1. The NO_x authorized account representative for a general account may be changed at any time upon receipt by the Administrator of a superseding complete application for a general account under subdivision 51.2.a. Notwithstanding any such change, all representations, actions, inactions and submissions by the previous NO_x authorized account representative prior to the time and date when the Administrator receives the superseding application for a general account shall be binding on the new NO_x authorized account representative and the persons with an ownership interest with respect to the allowances in the general account.

51.2.d.2. The alternate NO_x authorized account representative for a general account may be changed at any time upon receipt by the Administrator of a superseding complete application for a general account under subdivision 51.2.a. Notwithstanding any such change, all representations, actions, inactions and submissions by the previous alternate NO_x authorized account representative prior to the time and date when the Administrator receives the superseding application for a general account shall be binding on the new alternate NO_x authorized account representative and the persons with an ownership interest with respect to the allowances in the general account.

51.2.d.3.A. In the event a new person having an ownership interest with respect to NO_x allowances in the general account is not included in the list of such persons in the account certificate of representation, such new person shall be deemed to be subject to and bound by the account certificate of representation, the representation, actions, inactions and submissions of the NO_x authorized account representative and any alternate NO_x authorized account representative of the source or unit and the decisions orders, actions and inactions of the Administrator, as if the new person were included in such list.

51.2.d.3.B. Within 30 days following any change in the persons having an ownership interest with respect to NO_x allowances in the general account, including the addition of persons, the NO_x

authorized account representative or any alternate NO_x authorized account representative shall submit a revision to the application for a general account amending the list of persons having an ownership interest with respect to the NO_x allowances in the general account to include the change.

51.2.e.1. Once a complete application for a general account under subdivision 51.2.a. has been submitted and received, the Administrator will rely on the application unless and until a superseding complete application for a general account under subdivision 51.2.a. is received by the Administrator.

51.2.e.2. Except as provided in subdivision 51.2.d., no objection or other communication submitted to the Administrator concerning the authorization or any representation, action, inaction or submission of the NO_x authorized account representative or any alternate NO_x authorized account representative for a general account shall affect any representation, action, inaction or submission of the NO_x authorized account representative or any alternate NO_x authorized account representative or the finality of any decision or order by the Administrator under the NO_x Budget Trading Program.

51.2.e.3. The Administrator will not adjudicate any private legal dispute concerning the authorization or any representation, action, inaction or submission of the NO_x authorized account representative or any alternate NO_x authorized account representative for a general account, including private legal disputes concerning the proceeds of NO_x allowance transfers.

51.3. Account identification. -- The Administrator will assign a unique identifying number to each account established under subsections 51.1. or 51.2.

§45-26-52. NO_x Allowance Tracking System Responsibilities of NO_x Authorized Account Representative.

52.1. Following the establishment of a NO_x Allowance Tracking System account, all submissions to the Administrator pertaining to the account, including, but not limited to, submissions concerning the deduction or transfer of NO_x allowances in the account, shall be made only by the NO_x authorized account representative for the account.

52.2. Authorized account representative identification. -- The Administrator will assign a unique identifying number to each NO_x authorized account representative.

§45-26-53. Recordation of NO_x Allowance Allocations.

53.1. The Administrator will record the NO_x allowances for 2004 for a NO_x Budget unit allocated under sections 40. through 42. in the unit's compliance account, except for NO_x allowances under paragraph 4.2.d.2. or subdivision 5.3.b. which will be recorded in the general account specified by the owners and operators of the unit.

53.2. By May 1, 2002, the Administrator will record the NO_x allowances for 2005 for a NO_x Budget unit allocated under sections 40. through 42. in the unit's compliance account, except for NO_x allowances under paragraph 4.2.d.2. or subdivision 5.3.b., which will be recorded in the general account specified by the owners and operators of the unit.

53.3. By May 1, 2003, the Administrator will record the NO_x allowances for 2006 for a NO_x Budget unit allocated under sections 40. through 42. in the unit's compliance account, except for NO_x allowances under paragraph 4.2.d.2. or subdivision 5.3.b., which will be recorded in the general account specified by the owners and operators of the unit.

53.4. By May 1, 2004, the Administrator will record the NO_x allowances for 2007 for a NO_x Budget unit allocated under sections 40. through 42. in the unit's compliance account, except for NO_x allowances under paragraph 4.2.d.2. or subdivision 5.3.b., which will be recorded in the general account specified by the owners and operators of the unit.

53.5. Each year starting with 2005, after the Administrator has made all deductions from a NO_x Budget unit's compliance account and the overdraft account pursuant to section 54. (except deductions pursuant to subdivision 54.4.b.), the Administrator will record:

53.5.a. NO_x allowances, in the compliance account, as allocated to the unit under sections 40. through 42. for the third year after the year of the ozone season for which such deductions were or could have been made; and

53.5.b. NO_x allowances, in the general account specified by the owners and operators of the unit, as allocated under paragraph 4.2.d.2. or subdivision 5.3.b. for the third year after the year of the ozone season for which such deductions are or could have been made.

53.6. Serial numbers for allocated NO_x allowances. -- When allocating NO_x allowances to a NO_x Budget unit and recording them in an account, the Administrator will assign each NO_x allowance a unique identification number that will include digits identifying the year for which the NO_x allowance is allocated.

§45-26-54. Compliance.

54.1. NO_x allowance transfer deadline. -- The NO_x allowances are available to be deducted for compliance with a unit's NO_x budget emissions limitation for an ozone season in a given year only if the NO_x allowances:

54.1.a. Were allocated for an ozone season in a prior year or the same year; and

54.1.b. Are held in the unit's compliance account or the overdraft account of the source where the unit is located, as of the NO_x allowance transfer deadline for that ozone season or are transferred into the compliance account or overdraft account by a NO_x allowance transfer correctly submitted for recordation under section 60. by the NO_x allowance transfer deadline for that ozone season.

54.2. Deductions for compliance.

54.2.a. Following recordation in accordance with section 61. of NO_x allowance transfers submitted for recordation in the unit's compliance account or the overdraft account of the source where the unit is located by the NO_x allowance transfer deadline for an ozone season, the Administrator will deduct NO_x allowances available under subsection 54.1. to cover the unit's NO_x emissions (as determined in accordance with sections 70. through 76.) or to account for actual heat input under subsection 42.5. for the ozone season:

54.2.a.1. From the compliance account; and

54.2.a.2. Only if no more NO_x allowances

available under subsection 54.1. remain in the compliance account, from the overdraft account. In deducting allowances for units at the source from the overdraft account, the Administrator will begin with the unit having the compliance account with the lowest NO_x Allowance Tracking System account number and end with the unit having the compliance account with the highest NO_x Allowance Tracking System account number (with account numbers sorted beginning with the left-most character and ending with the right-most character and the letter characters assigned values in alphabetical order and less than all numeric characters).

54.2.b. The Administrator will deduct NO_x allowances first under paragraph 54.2.a.1. and then under paragraph 54.2.a.2.:

54.2.b.1. Until the number of NO_x allowances deducted for the ozone season equals the number of tons of NO_x emissions, determined in accordance with sections 70. through 76. from the unit for the ozone season for which compliance is being determined, plus the number of NO_x allowances required for deduction to account for actual heat input under subsection 42.5. for the ozone season; or

54.2.b.2. Until no more NO_x allowances available under subsection 54.1. remain in the respective account.

54.3.a. Identification of NO_x allowances by serial number. -- The NO_x authorized account representative for each compliance account may identify by serial number the NO_x allowances to be deducted from the unit's compliance account under subsections 54.2., 54.4. or 54.5. Such identification shall be made in the compliance certification report submitted in accordance with section 30.

54.3.b. First-in, first-out. -- The Administrator will deduct NO_x allowances for an ozone season from the compliance account, in the absence of an identification or in the case of a partial identification of NO_x allowances by serial number under subdivision 54.3.a. or the overdraft account on a first-in, first-out (FIFO) accounting basis in the following order:

54.3.b.1. Those NO_x allowances that were allocated for the ozone season to the unit under sections 40. through 42.;

54.3.b.2. Those NO_x allowances that were allocated for the ozone season to any unit and transferred and recorded in the account pursuant to sections 60. through 62., in order of their date of recordation;

54.3.b.3. Those NO_x allowances that were allocated for a prior ozone season to the unit under sections 40. through 42.; and

54.3.b.4. Those NO_x allowances that were allocated for a prior ozone season to any unit and transferred and recorded in the account pursuant to sections 60. through 62., in order of their date of recordation.

54.4. Deductions for excess emissions.

54.4.a. After making the deductions for compliance under subsection 54.2., the Administrator will deduct from the unit's compliance account or the overdraft account of the source where the unit is located a number of NO_x allowances, allocated for an ozone season after the ozone season in which the unit has excess emissions, equal to three times the number of the unit's excess emissions.

54.4.b. If the compliance account or overdraft account does not contain sufficient NO_x allowances, the Administrator will deduct the required number of NO_x allowances, regardless of the ozone season for which they were allocated, whenever NO_x allowances are recorded in either account.

54.4.c. Any allowance deduction required under subsection 54.4. shall not affect the liability of the owners and operators of the NO_x Budget unit for any fine, penalty or assessment or their obligation to comply with any other remedy, for the same violation, as ordered under §§22-5-1 et seq. or the CAA. The following guidelines will be followed in assessing fines, penalties or other obligations:

54.4.c.1. For purposes of determining the number of days of violation, if a NO_x Budget unit has excess emissions for an ozone season, each day in the ozone season (153 days) constitutes a day in violation unless the owners and operators of the unit demonstrate that a lesser number of days should be considered; and

54.4.c.2. Each ton of excess emissions is a separate violation.

54.5. Deductions for units sharing a common stack. -- In the case of units sharing a common stack and having emissions that are not separately monitored or apportioned in accordance with sections 70. through 76.:

54.5.a. The NO_x authorized account representative of the units may identify the percentage of NO_x allowances to be deducted from each such unit's compliance account to cover the unit's share of NO_x emissions from the common stack for an ozone season. Such identification shall be made in the compliance certification report submitted in accordance with section 30.; and

54.5.b. Notwithstanding paragraph 54.2.b.1., the Administrator will deduct NO_x allowances for each such unit until the number of NO_x allowances deducted equals the unit's identified percentage (under subdivision 54.5.a.) of the number of tons of NO_x emissions, as determined in accordance with sections 70. through 76., from the common stack for the ozone season for which compliance is being determined or, if no percentage is identified, an equal percentage for each such unit plus the number of allowances required for deduction to account for actual heat input under subsection 42.5. for the ozone season.

54.6. Deduction of banked allowances. -- Each year starting in 2005, after the Administrator has completed the designation of banked NO_x allowances under subdivision 55.1.b. and before May 1 of the year, the Administrator will determine the extent to which banked NO_x allowances otherwise available under subsection 54.1. are available for compliance in the ozone season for the current year, as follows. The terms "compliance account", "overdraft account", "general account", "states" and "trading program budgets" in subdivision 54.6.a. through paragraph 54.6.c.2. shall be read to include respectively a compliance account, an overdraft account, a general account, each state or portion of a state, and the trading program budget of each state or portion of a state under the NO_x Budget Trading Program established by the Administrator pursuant to 40 CFR Part 97.

54.6.a. The Administrator will determine the total number of banked NO_x allowances held in compliance accounts, overdraft accounts, or general accounts;

54.6.b. If the total number of banked NO_x allowances determined under subdivision 54.6.a. to be held in compliance accounts, overdraft accounts, or general accounts is less than or equal to 10 percent of the sum of the trading program budgets for all states for the ozone season, any banked NO_x allowance may be deducted for compliance in accordance with subsections 54.1. through 54.5.

54.6.c. If the total number of banked NO_x allowances determined under subdivision 54.6.a. to be held in compliance accounts, overdraft accounts, or general accounts exceeds 10 percent of the sum of the trading program budgets for all states for the ozone season, any banked allowance may be deducted for compliance in accordance with subsections 54.1. through 54.5., except as follows:

54.6.c.1. The Administrator will determine the following ratio: 0.10 multiplied by the sum of the trading program budgets for all states for the ozone season and divided by the total number of banked NO_x allowances determined under subdivision 54.6.a. to be held in compliance accounts, overdraft accounts, or general accounts; and

54.6.c.2. The Administrator will multiply the number of banked NO_x allowances in each compliance account or overdraft account by the ratio determined under paragraph 54.6.c.1. The resulting product is the number of banked NO_x allowances in the account that may be deducted for compliance in accordance with subsections 54.1. through 54.5. Any banked NO_x allowances in excess of the resulting product may be deducted for compliance in accordance with subsections 54.1. through 54.5., except that, if such NO_x allowances are used to make a deduction under subsections 54.2. or 54.5., two (rather than one) such NO_x allowances shall authorize up to one ton of NO_x emissions during the ozone season and must be deducted for each deduction of one NO_x allowance required under subsections 54.2. or 54.5.

54.7. Recordation of deductions. -- The Administrator will record in the appropriate compliance account or overdraft account all deductions from such an account pursuant to subsections 54.2., 54.4., 54.5. or 54.6.

§45-26-55. NO_x Allowance Banking.

55.1. NO_x allowances may be banked for future use or transfer in a compliance account, an overdraft account or a general account, as follows:

55.1.a. Any NO_x allowance that is held in a compliance account, an overdraft account or a general account will remain in such account unless and until the NO_x allowance is deducted or transferred under sections 31., 54., 56. or sections 60. through 62.; and

55.1.b. The Administrator will designate, as a "banked" NO_x allowance, any NO_x allowance that remains in a compliance account, an overdraft account or a general account after the Administrator has made all deductions for a given ozone season from the compliance account or overdraft account pursuant to section 54. (except deductions pursuant to subdivision 54.4.b.) and that was allocated for that ozone season or an ozone season in a prior year.

§45-26-56. Account Error.

The Administrator may, at his or her sole discretion and on his or her own motion, correct any error in any NO_x Allowance Tracking System account. Within 10 business days of making such correction, the Administrator will notify the NO_x authorized account representative for the account.

§45-26-57. Closing of General Accounts.

57.1. The NO_x authorized account representative of a general account may instruct the Administrator to close the account by submitting a statement requesting deletion of the account from the NO_x Allowance Tracking System and by correctly submitting for recordation under section 60. an allowance transfer of all NO_x allowances in the account to one or more other NO_x Allowance Tracking System accounts.

57.2. If a general account shows no activity for a period of a year or more and does not contain any NO_x allowances, the Administrator may notify the NO_x authorized account representative for the account that the account will be closed and deleted from the NO_x Allowance Tracking System following 20 business days after the notice is sent. The account will be closed after the 20-day period unless before the end of the 20-day period the Administrator receives a correctly submitted transfer of NO_x allowances into the account under section 60. or a statement submitted

by the NO_x authorized account representative demonstrating to the satisfaction of the Administrator good cause as to why the account should not be closed.

§45-26-60. Submission of NO_x Allowance Transfers.

60.1. The NO_x authorized account representatives seeking recordation of a NO_x allowance transfer shall submit the transfer to the Administrator. To be considered correctly submitted, the NO_x allowance transfer shall include the following elements in a format specified by the Administrator:

60.1.a. The numbers identifying both the transferor and transferee accounts;

60.1.b. A specification by serial number of each NO_x allowance to be transferred; and

60.1.c. The printed name and signature of the NO_x authorized account representative of the transferor account and the date signed.

§45-26-61. Allowance Transfer Recordation.

61.1. Within 5 business days of receiving a NO_x allowance transfer, except as provided in subsection 61.2., the Administrator will record a NO_x allowance transfer by moving each NO_x allowance from the transferor account to the transferee account as specified by the request, provided that:

61.1.a. The transfer is correctly submitted under section 60.; and

61.1.b. The transferor account includes each NO_x allowance identified by serial number in the transfer.

61.2. A NO_x allowance transfer that is submitted for recordation following the NO_x allowance transfer deadline and that includes any NO_x allowances allocated for an ozone season prior to or the same as the ozone season to which the NO_x allowance transfer deadline applies will not be recorded until after the Administrator completes the recordation of NO_x allowances under section 53., for the ozone season in the third year after the NO_x allowance transfer deadline.

61.3. Where a NO_x allowance transfer submitted for recordation fails to meet the requirements of subsection 61.1., the Administrator will not record such transfer.

§45-26-62. Notification.

62.1. Notification of recordation. -- Within 5 business days of recordation of a NO_x allowance transfer under section 61., the Administrator will notify each party to the transfer. Notice will be given to the NO_x authorized account representatives of both the transferor and transferee accounts.

62.2. Notification of non-recordation. -- Within 10 business days of receipt of a NO_x allowance transfer that fails to meet the requirements of subsection 61.1., the Administrator will notify the NO_x authorized account representatives of both accounts subject to the transfer of:

62.2.a. A decision not to record the transfer; and

62.2.b. The reasons for such non-recordation.

62.3. Nothing in this section shall preclude the submission of a NO_x allowance transfer for recordation following notification of non-recordation.

§45-26-70. General Monitoring Requirements. --

The owners and operators and to the extent applicable, the NO_x authorized account representative of a NO_x Budget unit, shall comply with the monitoring, recordkeeping and reporting requirements as provided in sections 70. through 76. and subpart H of 40 CFR Part 75. For purposes of complying with such requirements, the definitions in section 2. and in 40 CFR 72.2 shall apply, and the terms "affected unit," "designated representative," and "continuous emission monitoring system" (or "CEMS") in 40 CFR Part 75 shall be replaced by the terms "NO_x Budget unit," "NO_x authorized account representative," and "continuous emission monitoring system" (or "CEMS") respectively, as defined section 2. The owner or operator of a unit that is not a NO_x Budget unit but that is monitored under 40 CFR 75.72(b)(2)(ii) shall comply with the monitoring, recordkeeping and reporting requirements for a NO_x Budget unit.

70.1. Requirements for installation, certification and data accounting. -- The owner or operator of each NO_x Budget unit shall meet the following requirements:

70.1.a. Install all monitoring systems required under this subpart for monitoring NO_x mass emissions. This includes all systems required to monitor NO_x emission rate, NO_x concentration, heat input rate and stack flow rate, in accordance with 40 CFR 75.72 and 40 CFR 75.76;

70.1.b. Install all monitoring systems for monitoring heat input rate.

70.1.c. Successfully complete all certification tests required under section 71. and meet all other requirements of sections 70. through 76. and 40 CFR Part 75 applicable to the monitoring systems under subdivisions 70.1.a. and 70.1.b.; and

70.1.d. Record, report and quality-assure the data from the monitoring systems under subdivisions 70.1.a. and 70.1.b.

70.2. Compliance deadlines. -- The owner or operator shall meet the certification and other requirements of subdivisions 70.1.a. through 70.1.c. on or before the following dates. The owner or operator shall record, report and quality-assure the data from the monitoring systems under subdivisions 70.1.a. and 70.1.b. on and after the following dates:

70.2.a. For the owner or operator of a NO_x Budget unit for which the owner or operator intends to apply for early reduction credits under section 43., by May 1, 2001. If the owner or operator of a NO_x Budget unit fails to meet this deadline, he or she is not eligible to apply for early reduction credits and is subject to the deadline under subdivision 70.2.b.;

70.2.b. For the owner or operator of a NO_x Budget unit under subsection 4.1. that commences operation before January 1, 2003 and that is not subject to or does not meet the deadline under subdivision 70.2.a., by May 1, 2003;

70.2.c. For the owner or operator of a NO_x Budget unit under subsection 4.1. that commences operation on or after January 1, 2003 and that reports on an annual basis under section 74.4. by the later of the following dates:

70.2.c.1. May 1, 2003; or

70.2.c.2. 90 days after the date on which the unit commences commercial operation.

70.2.d. For the owner or operator of a NO_x Budget unit under subsection 4.1. that commences operation on or after January 1, 2003 and that reports on an ozone season basis under paragraph 74.4.b.2., by no later than 90 days after the date on which the unit commences commercial operation, provided that this date is during an ozone season. If this date does not occur during an ozone season, the applicable deadline is May 1 immediately following this date.

70.2.e. Reserved.

70.2.f. Reserved.

70.2.g. For the owner or operator of a NO_x Budget unit that has a new stack or flue for which construction is completed after the applicable deadline under subdivisions 70.2.a., 70.2.b., 70.2.c. or 70.2.d. and that reports on an annual basis under subsection 74.4., by 90 days after the date on which emissions first exit to the atmosphere through the new stack or flue; and

70.2.h. For the owner or operator of a NO_x Budget unit that has a new stack or flue for which construction is completed after the applicable deadline under subdivisions 70.2.a., 70.2.b., 70.2.c. or 70.2.d. and that reports on an ozone season basis under paragraph 74.4.b.2., by 90 days after the date on which emissions first exit to the atmosphere through the new stack or flue, provided that this date is during an ozone season. If this date does not occur during the ozone season, the applicable deadline is May 1 immediately following this date.

70.3. Reporting data prior to initial certification. -- The owner or operator of a NO_x Budget unit under subdivisions 70.2.c. or 70.2.d. shall determine, record and report NO_x mass emissions, heat input rate and any other values required to determine NO_x mass emissions (e.g., NO_x emission rate and heat input rate, or NO_x concentration and stack flow rate) in accordance with 40 CFR 75.70(g), from the date and hour that the unit starts operating until the date and hour on which the continuous emission monitoring system, excepted monitoring system under appendix D or E of 40 CFR Part 75, or excepted monitoring methodology under 40 CFR 75.19 is provisionally

certified.

70.4. Prohibitions.

70.4.a. No owner or operator of a NO_x Budget unit shall use any alternative monitoring system, alternative reference method or any other alternative for the required continuous emission monitoring system without having obtained prior written approval in accordance with section 75.

70.4.b. No owner or operator of a NO_x Budget unit shall operate the unit so as to discharge, or allow to be discharged, NO_x emissions to the atmosphere without accounting for all such emissions in accordance with the applicable provisions of sections 70. through 76. and 40 CFR Part 75, except as provided in 40 CFR 75.74.

70.4.c. No owner or operator of a NO_x Budget unit shall disrupt the continuous emission monitoring system, any portion thereof, or any other approved emission monitoring method and thereby avoid monitoring and recording NO_x mass emissions discharged into the atmosphere, except for periods of recertification or periods when calibration, quality assurance testing or maintenance is performed in accordance with the applicable provisions of sections 70. through 76. and 40 CFR Part 75 or except as provided in 40 CFR 75.74.

70.4.d. No owner or operator of a NO_x Budget unit shall retire or permanently discontinue use of the continuous emission monitoring system, any component thereof, or any other approved emission monitoring system under sections 70. through 76., except under any one of the following circumstances:

70.4.d.1. During the period that the unit is covered by an exemption under subdivision 4.2.a. or section 5. that is in effect;

70.4.d.2. The owner or operator is monitoring emissions from the unit with another certified monitoring system approved, in accordance with the applicable provisions of sections 70. through 76. and 40 CFR Part 75, by the Secretary for use at that unit that provides emission data for the same pollutant or parameter as the retired or discontinued monitoring system; or

70.4.d.3. The NO_x authorized account

representative submits notification of the date of certification testing of a replacement monitoring system for the retired or discontinued monitoring system in accordance with subdivision 71.2.b.

§45-26-71. Initial Certification and Recertification Procedures.

71.1. The owner or operator of a NO_x Budget unit that is subject to an Acid Rain emissions limitation shall comply with the initial certification and recertification procedures of 40 CFR Part 75, except that:

71.1.a. If, prior to January 1, 1998, the Administrator approved a petition under 40 CFR 75.17(a) or (b) for apportioning the NO_x emission rate measured in a common stack or a petition under 40 CFR 75.66 for an alternative to a requirement in 40 CFR 75.17, the NO_x authorized account representative shall resubmit the petition to the Administrator under subsection 75.1. to determine if the approval applies under the NO_x Budget Trading Program; and

71.1.b. For any additional CEMS required under the common stack provisions in 40 CFR 75.72 or for any NO_x concentration CEMS used under the provisions of 40 CFR 75.71(a)(2), the owner or operator shall meet the requirements of subsection 71.2.

71.2. The owner or operator of a NO_x Budget unit that is not subject to an Acid Rain emissions limitation shall comply with the following initial certification and recertification procedures. The owner or operator of such a unit that qualifies to use the low mass emissions excepted monitoring methodology under 40 CFR 75.19 or that qualifies to use an alternative monitoring system under subpart E of 40 CFR Part 75 shall comply with the following procedures, as modified by subsections 71.3. or 71.4. The owner or operator of a NO_x Budget unit that is subject to an Acid Rain emissions limitation and that requires additional CEMS under the common stack provisions in 40 CFR 75.72 or uses a NO_x concentration CEMS under 40 CFR 75.71(a)(2) shall comply with the following procedures:

71.2.a. Requirements for initial certification. -- The owner or operator shall ensure that each monitoring system required by subpart H of 40 CFR Part 75 (which includes the automated data acquisition

and handling system) successfully completes all of the initial certification testing required under 40 CFR 75.20 by the applicable deadline in subsection 70.2. In addition, whenever the owner or operator installs a monitoring system in order to meet the requirements of this rule in a location where no such monitoring system was previously installed, initial certification in accordance with 40 CFR 75.20 is required;

71.2.b. Requirements for recertification. -- Whenever the owner or operator makes a replacement, modification or change in a certified monitoring system that may significantly affect the ability of the system to accurately measure or record NO_x mass emissions or heat input rate or to meet the requirements of 40 CFR 75.21 or appendix B to 40 CFR Part 75, the owner or operator shall recertify the monitoring system in accordance with 40 CFR 75.20(b). Furthermore, whenever the owner or operator makes a replacement, modification or change to the flue gas handling system or the unit's operation that may significantly change the stack flow or concentration profile, the owner or operator shall recertify the continuous emissions monitoring system in accordance with 40 CFR 75.20(b). Examples of changes that require recertification include: replacement of the analyzer, complete replacement of an existing continuous emission monitoring system or change in location or orientation of the sampling probe or site; and

71.2.c. Certification approval process for initial certification and recertification.

71.2.c.1. Notification of certification. -- The NO_x authorized account representative shall submit to the Administrator, the appropriate EPA Regional Office and the Secretary written notice of the dates of certification in accordance with section 73.

71.2.c.2. Certification application. -- The NO_x authorized account representative shall submit to the Administrator, the appropriate EPA Regional Office and the Secretary a certification application for each monitoring system required under subpart H of 40 CFR Part 75. A complete certification application shall include the information specified in subpart H of 40 CFR Part 75.

71.2.c.3. Except for units using the low mass emission excepted methodology under 40 CFR 75.19, the provisional certification date for a monitor shall be determined in accordance with 40 CFR

75.20(a)(3). A provisionally certified monitor may be used under the NO_x Budget Trading Program for a period not to exceed 120 days after receipt by the Secretary of the complete certification application for the monitoring system or component thereof under paragraph 71.2.c.2. Data measured and recorded by the provisionally certified monitoring system or component thereof, in accordance with the requirements of 40 CFR Part 75, will be considered valid quality-assured data (retroactive to the date and time of provisional certification), provided that the Secretary does not invalidate the provisional certification by issuing a notice of disapproval within 120 days of receipt of the complete certification application by the Secretary.

71.2.c.4. Certification application formal approval process. -- The Secretary will issue a written notice of approval or disapproval of the certification application to the owner or operator within 120 days of receipt of the complete certification application under paragraph 71.2.c.2. In the event the Secretary does not issue such a notice within such 120-day period, each monitoring system that meets the applicable performance requirements of 40 CFR Part 75 and is included in the certification application will be deemed certified for use under the NO_x Budget Trading Program.

71.2.c.4.A. Approval notice. -- If the certification application is complete and shows that each monitoring system meets the applicable performance requirements of 40 CFR Part 75, then the Secretary will issue a written notice of approval of the certification application within 120 days of receipt.

71.2.c.4.B. Incomplete application notice. -- A certification application will be considered complete when all of the applicable information required to be submitted under paragraph 71.2.c.2. has been received by the Secretary. If the certification application is not complete, then the Secretary will issue a written notice of incompleteness that sets a reasonable date by which the NO_x authorized account representative must submit the additional information required to complete the certification application. If the NO_x authorized account representative does not comply with the notice of incompleteness by the specified date, then the Secretary may issue a notice of disapproval under subparagraph 71.2.c.4.C. The 120-day review period shall not begin prior to receipt of a complete certification application.

71.2.c.4.C. Disapproval notice. -- If the certification application shows that any monitoring system or component thereof does not meet the performance requirements of sections 70. through 76., or if the certification application is incomplete and the requirement for disapproval under subparagraph 71.2.c.4.B. has been met, then the Secretary will issue a written notice of disapproval of the certification application. Upon issuance of such notice of disapproval, the provisional certification is invalidated by the Secretary and the data measured and recorded by each uncertified monitoring system or component thereof shall not be considered valid quality-assured data beginning with the date and hour of provisional certification (as defined under 40 CFR 75.20(a)(3)). The owner or operator shall follow the procedures for loss of certification in paragraph 71.2.c.5. for each monitoring system or component thereof that is disapproved for initial certification.

71.2.c.4.D. Audit decertification. -- The Secretary may issue a notice of disapproval of the certification status of a monitor in accordance with subsection 72.2.

71.2.c.5. Procedures for loss of certification. -- If the Secretary issues a notice of disapproval of a certification application under subparagraph 71.2.c.4.C. or a notice of disapproval of certification status under subparagraph 71.2.c.4.D., then:

71.2.c.5.A. The owner or operator shall substitute the following values, for each hour of unit operation during the period of invalid data specified under 40 CFR 75.20(a)(4)(iii), 40 CFR 75.20(h)(4) or 40 CFR 75.21(e) and continuing until the date and hour specified under 40 CFR 75.20(a)(5)(i):

71.2.c.5.A.1. For units that the owner or operator intends to monitor or monitors for NO_x emission rate and heat input rate or intends to determine or determines NO_x mass emissions using the low mass emission excepted methodology under 40 CFR 75.19, the maximum potential NO_x emission rate and the maximum potential hourly heat input of the unit; and

71.2.c.5.A.2. For units that the owner or operator intends to monitor or monitors for NO_x mass emissions using a NO_x pollutant concentration monitor and a flow monitor, the maximum potential concentration of NO_x and the maximum potential flow rate of the unit under section

2 of appendix A of 40 CFR Part 75.

71.2.c.5.B. The NO_x authorized account representative shall submit a notification of certification retest dates and a new certification application in accordance with paragraphs 71.2.c.1. and 71.2.c.2.; and

71.2.c.5.C. The owner or operator shall repeat all certification tests or other requirements that were failed by the monitoring system, as indicated in the Secretary's notice of disapproval, no later than 30 unit operating days after the date of issuance of the notice of disapproval.

71.3. Initial certification and recertification procedures for low mass emission units using the excepted methodologies under 40 CFR 75.19. -- The owner or operator of a gas-fired or oil-fired unit using the low mass emissions excepted methodology under 40 CFR 75.19 and not subject to an Acid Rain emissions limitation shall meet the applicable general operating requirements of 40 CFR 75.10 and the applicable requirements of 40 CFR 75.19. The owner or operator of such a unit shall also meet the applicable certification and recertification procedures of subsection 71.2., except that the excepted methodology shall be deemed provisionally certified for use under the NO_x Budget Trading Program as of the following dates:

71.3.a. For a unit that does not have monitoring equipment initially certified or recertified for the NO_x Budget Trading Program as of the date on which the NO_x authorized account representative submits the certification application under 40 CFR 75.19 for the unit, starting on the date of such submission until the completion of the period for the Secretary's review;

71.3.b. For a unit that has monitoring equipment initially certified or recertified for the NO_x Budget Trading Program as of the date on which the NO_x authorized account representative submits the certification application under 40 CFR 75.19 for the unit and that reports data on an annual basis under subsection 74.4., starting January 1 of the year after the year of such submission until the completion of the period for the Secretary's review; and

71.3.c. For a unit that has monitoring equipment initially certified or recertified for the NO_x Budget Trading Program as of the date on which the

NO_x Authorized Account Representative submits the certification application under 40 CFR 75.19 for the unit and that reports on a control season basis under subsection 74.4., starting May 1 of the ozone season after the year of such submission until the completion of the period for the Secretary's review.

71.4. Certification/recertification procedures for alternative monitoring systems. -- The NO_x authorized account representative of each unit not subject to an Acid Rain emissions limitation for which the owner or operator intends to use an alternative monitoring system approved by the Administrator under subpart E of 40 CFR Part 75 shall comply with the applicable certification procedures of subsection 71.2. before using the system under the NO_x Budget Trading Program. The NO_x authorized account representative shall also comply with the applicable recertification procedures of subsection 71.2. and 40 CFR 75.20(f).

§45-26-72. Out of Control Periods.

72.1. Whenever any monitoring system fails to meet the quality assurance or data validation requirements of 40 CFR Part 75, data shall be substituted using the applicable procedures in subpart D, appendix D, or appendix E of 40 CFR Part 75.

72.2. Audit decertification. -- Whenever both an audit of a monitoring system and a review of the initial certification or recertification application reveal that any system or component should not have been certified or recertified because it did not meet a particular performance specification or other requirement under section 71. or the applicable provisions of 40 CFR Part 75, both at the time of the initial certification or recertification application submission and at the time of the audit, the Secretary will issue a notice of disapproval of the certification status of such system or component. For the purposes of this subsection, an audit shall be either a field audit or an audit of any information submitted to the Secretary or the Administrator. By issuing the notice of disapproval, the Secretary revokes prospectively the certification status of the system or component. The data measured and recorded by the system or component shall not be considered valid quality-assured data from the date of issuance of the notification of the revoked certification status until the date and time that the owner or operator completes subsequently approved initial certification or recertification tests for the system or component.

§45-26-73. Notifications.

73.1. The NO_x authorized account representative for a NO_x Budget unit shall submit written notice to the Administrator, the appropriate EPA Regional Office and the Secretary in accordance with 40 CFR 75.61.

73.2. For any unit that does not have an Acid Rain emissions limitation, the Secretary may waive the requirement to notify the Secretary in subsection 73.1.

§45-26-74. Recordkeeping and Reporting.

74.1. General provisions.

74.1.a. The NO_x authorized account representative shall comply with all recordkeeping and reporting requirements in this section and with the requirements of subdivision 10.5.a.

74.1.b. If the NO_x authorized account representative for a NO_x Budget unit subject to an Acid Rain emission limitation who signed and certified any submission that is made under subpart F or G of 40 CFR Part 75 and that includes data and information required under sections 70. through 76. or subpart H of 40 CFR Part 75 is not the same person as the designated representative or the alternative designated representative for the unit under 40 CFR Part 72, then the submission must also be signed by the designated representative or the alternative designated representative.

74.2. Monitoring Plans.

74.2.a. The owner or operator of a unit subject to an Acid Rain emissions limitation shall comply with requirements of 40 CFR 75.62, except that the monitoring plan shall also include all of the information required by subpart H of 40 CFR Part 75.

74.2.b. The owner or operator of a unit that is not subject to an Acid Rain emissions limitation shall comply with requirements of 40 CFR 75.62, except that the monitoring plan is only required to include the information required by subpart H of 40 CFR Part 75.

74.3. Certification applications. -- The NO_x authorized account representative shall submit an application to the Administrator, the appropriate EPA

Regional Office and the Secretary within 45 days after completing all initial certification or recertification tests required under section 71. including the information required under subpart H of 40 CFR Part 75.

74.4. Quarterly reports. -- The NO_x authorized account representative shall submit quarterly reports, as follows:

74.4.a. If a unit is subject to an Acid Rain emission limitation or if the owner or operator of the NO_x Budget unit chooses to meet the annual reporting requirements of sections 70. through 76., the NO_x authorized account representative shall submit a quarterly report for each calendar quarter beginning with:

74.4.a.1. For a unit for which the owner or operator intends to apply or applies for the early reduction credits under section 43., the calendar quarter that includes the date of initial provisional certification under paragraph 71.2.c.3. or subsection 71.3. Data shall be recorded and reported from the date and hour corresponding to the date and hour of provisional certification; or

74.4.a.2. For a unit that commences operation on or before May 1, 2003 and is not subject to paragraph 74.4.a.1., the earlier of the calendar quarter that includes the date of initial provisional certification under paragraph 71.2.c.3. or subsection 71.3. or, if the certification tests are not completed by May 1, 2003, the calendar quarter covering May 1, 2003 through June 30, 2003. Data shall be recorded and reported from the earlier of the date and hour corresponding to the date and hour of provisional certification or the first hour on May 1, 2003; or

74.4.a.3. For a unit that commences operation after May 1, 2003, the calendar quarter in which the unit commences operation. Data shall be recorded and reported from the date and hour corresponding to when the unit commences operation;

74.4.b. If a NO_x Budget unit is not subject to an Acid Rain emission limitation, then the NO_x authorized account representative shall either:

74.4.b.1. Meet all of the requirements of 40 CFR Part 75 related to monitoring and reporting NO_x mass emissions during the entire year and meet the deadlines specified in subdivision 74.4.a.; or

74.4.b.2. Submit quarterly reports covering the period May 1 through September 30 of each year and including the data described in 40 CFR 75.74(c)(6). The NO_x authorized account representative shall submit such quarterly reports, beginning with:

74.4.b.2.A. For a unit for which the owner or operator intends to apply or applies for early reduction credits under section 43., the calendar quarter that includes the date of initial provisional certification under paragraph 71.2.c.3. or subsection 71.3. Data shall be recorded and reported from the date and hour corresponding to the date and hour of provisional certification; or

74.4.b.2.B. For a unit that commences operation on or before May 1, 2003 and that is not subject to paragraph 74.4.b.1., the calendar quarter covering May 1 through June 30, 2003. Data shall be recorded and reported from the earlier of the date and hour corresponding to the date and hour of initial provisional certification under paragraph 71.2.c.3. or subsection 71.3. or the first hour of May 1, 2003; or

74.4.b.2.C. For a unit that commences operation after May 1, 2003 and during an ozone season, the calendar quarter in which the unit commences operation. Data shall be reported from the date and hour corresponding to when the unit commences operation; or

74.4.b.2.D. For a unit that commences operation after May 1, 2003 and not during an ozone season, the calendar quarter covering the first ozone season after the unit commences operation. Data shall be recorded and reported from the earlier of the date and hour corresponding to the date and hour of initial provisional certification under paragraph 71.2.c.3. or subsection 71.3. or the first hour of May 1 of the first ozone season after the unit commences operation;

74.4.c. The NO_x authorized account representative shall submit each quarterly report to the Administrator within 30 days following the end of the calendar quarter covered by the report. Quarterly reports shall be submitted in the manner specified in subpart H of 40 CFR Part 75 and 40 CFR 75.64.

74.4.c.1. For units subject to an Acid Rain emissions limitation, quarterly reports shall include all of the data and information required in subpart H of 40 CFR Part 75 for each NO_x Budget unit (or group of

units using a common stack) and the data and information required in subpart G of 40 CFR Part 75.

74.4.c.2. For units not subject to an Acid Rain emissions limitation, quarterly reports are only required to include all of the data and information required in subpart H of 40 CFR Part 75 for each NO_x Budget unit (or group of units using a common stack); and

74.4.d. Compliance certification. -- The NO_x authorized account representative shall submit to the Secretary a compliance certification in support of each quarterly report based on reasonable inquiry of those persons with primary responsibility for ensuring that all of the unit's emissions are correctly and fully monitored. The certification shall state that:

74.4.d.1. The monitoring data submitted were recorded in accordance with the applicable requirements of sections 70. through 76. and 40 CFR Part 75, including the quality assurance procedures and specifications;

74.4.d.2. For a unit with add-on NO_x emission controls and for all hours where data are substituted in accordance with 40 CFR 75.34(a)(1), the add-on emission controls were operating within the range of parameters listed in the quality assurance/quality control program under appendix B of part 75 and the substitute values do not systematically underestimate NO_x emissions; and

74.4.d.3. For a unit that is reporting on an ozone season basis under paragraph 74.4.b.2., the NO_x emission rate and NO_x concentration values substituted for missing data under subpart D of 40 CFR Part 75 are calculated using only values from an ozone season and do not systematically underestimate NO_x emissions.

§45-26-75. Petitions.

75.1. The NO_x authorized account representative of a NO_x Budget unit that is subject to an Acid Rain emissions limitation may submit a petition under 40 CFR §75.66 to the Administrator requesting approval to apply an alternative to any requirement of sections 70. through 76.

75.1.a. Application of an alternative to any requirement of sections 70. through 76. is in

accordance with sections 70. through 76. only to the extent that the petition is approved by the Administrator, in consultation with the Secretary.

75.1.b. Notwithstanding subdivision 75.1.a. of this section, if the petition requests approval to apply an alternative to a requirement concerning any additional CEMS required under the common stack provisions of 40 CFR §75.72, the petition is governed by subsection 75.2.

75.2. The NO_x authorized account representative of a NO_x Budget unit that is not subject to an Acid Rain emissions limitation may submit a petition under 40 CFR §75.66 to the Secretary and the Administrator requesting approval to apply an alternative to any requirement of sections 70. through 76.

75.2.a. The NO_x authorized account representative of a NO_x Budget unit that is subject to an Acid Rain emissions limitation may submit a petition under 40 CFR §75.66 to the Secretary and the Administrator requesting approval to apply an alternative to a requirement concerning any additional CEMS required under the common stack provisions of 40 CFR §75.72 or a NO_x concentration CEMS used under 40 CFR §75.71(a)(2).

75.2.b. Application of an alternative to any requirement of sections 70. through 76. is in accordance with sections 70. through 76. only to the extent the petition under subsection 75.2. is approved by both the Secretary and the Administrator.

§45-26-76. Additional Requirements to Provide Heat Input Data.

76.1. The owner or operator of a NO_x Budget unit that monitors and reports NO_x mass emissions using a NO_x concentration system and a flow system shall also monitor and report heat input rate at the unit level using the procedures set forth in 40 CFR Part 75.

§45-26-80. Innovative Technology Alternative (Multi-Pollutant Control Permit).

80.1. The owners and operators of any NO_x Budget unit may develop a proposed multi-pollutant control plan for that unit based on the use of innovative technology (multi-pollutant control technology) that

achieves the multi-pollutant control performance standards of this section. Such plan shall not rely upon control technology which includes: selective catalytic reduction or selective non-catalytic reduction technologies commercially available as of July 1, 2001, low-NO_x burners, firing or co-firing of natural gas.

80.2. The NO_x authorized account representative of a NO_x Budget unit may submit to the Secretary a multi-pollutant control permit application. A multi-pollutant control permit application shall be filed as an application for an existing stationary source operating permit as provided under 45CSR13 and shall contain such information as the Secretary deems necessary for acting upon the request. The multi-pollutant control permit application shall include, but not be limited to, the following:

80.2.a. A detailed description of the multi-pollutant control technology to be employed. The owner and operator must fully document that installation of multi-pollutant control technology will achieve compliance with the multi-pollutant control performance standards of subsection 80.8.;

80.2.b. A schedule for development and implementation of the multi-pollutant control technology, including milestones for completing engineering design, development, testing, installation and operation;

80.2.c. 2001 baseline emissions data, actual emissions as reported in the 2001 Emissions Inventory, for each air pollutant listed in subsection 80.8.; and

80.2.d. A multi-pollutant control technology manufacturer's performance guarantee for each air pollutant listed in subsection 80.8. Such performance guarantee may include percent removal efficiency or maximum emission rate.

80.3. The multi-pollutant control permit application shall be submitted to the Secretary on or before the date of filing of the NO_x Budget permit application as provided in subsection 21.2. The Secretary shall not accept any multi-pollutant control permit application after the date of filing of the NO_x Budget permit application as provided in subsection 21.2.

80.4. Within six (6) months of receipt of a multi-

pollutant control permit application, the Secretary shall:

80.4.a. Provide a written request for any additional information the Secretary may require to determine whether the use of multi-pollutant control technology achieves the multi-pollutant reduction requirements of subsection 80.8.; and

80.4.b. Issue a multi-pollutant control permit to the owner and operator of the NO_x Budget unit in accordance with subsection 80.6.; or

80.4.c. Provide written notification to the NO_x authorized account representative denying the multi-pollutant control permit application.

80.5. The Secretary shall not issue any multi-pollutant control permit after May 31, 2003.

80.6. Multi-pollutant control permit contents. -- The multi-pollutant control permit shall include, but not be limited to, the following:

80.6.a. An emission limit and performance standard for each air pollutant listed in subsection 80.8.;

80.6.b. The date of commencement of operation of the multi-pollutant control technology shall not be later than May 1, 2006;

80.6.c. The owner and operator, and to the extent applicable, the NO_x authorized representative of a NO_x Budget unit, shall comply with the NO_x monitoring, recordkeeping and reporting requirements as provided in sections 70. through 76. and the NO_x and SO₂ monitoring, recordkeeping and reporting requirements as provided in 40 CFR Part 75; and

80.6.d. The owner and operator shall conduct or have conducted annual stack tests to demonstrate compliance with the multi-pollutant control permit limitations of each pollutant other than NO_x and SO₂ established in subdivision 80.6.a. Such stack tests shall be conducted in accordance with the appropriate EPA test method established in 40 CFR Part 60, Appendix B, or other EPA test method approved by the Secretary.

80.6.d.1. The initial stack test shall be conducted no later than August 1, 2006, with each subsequent stack test performed within twelve (12)

months of the previous stack test date, but no earlier than nine (9) months after the previous stack test date;

80.6.d.2. For any compliance test to be conducted, the owner and operator shall submit a test protocol to the Secretary at least thirty (30) calendar days prior to the scheduled date of the test(s). Such compliance test protocol shall be in a format approved by the Secretary and subject to approval by the Secretary. The NO_x authorized account representative shall notify the Secretary at least fifteen (15) calendar days in advance of actual compliance test dates and times during which the test(s) will be conducted;

80.6.d.3. A compliance test report providing the compliance test results in a format approved by the Secretary and any additional information that the Secretary may require shall be submitted to the Secretary within sixty (60) days, or within such other time period as requested and approved by the Secretary, of the completion of the compliance testing; and

80.6.d.4. The Secretary may require the use of CEMS to monitor air pollutant emissions in addition to monitoring required under sections 70. through 76. and 40 CFR Part 75.

80.7. Upon issuance of a multi-pollutant control permit, the owner and operator of a NO_x Budget unit shall be exempt from the NO_x Budget permit requirement to hold NO_x allowances for compliance deductions under section 54., as specified in subdivision 6.3.a. This exemption shall expire May 1, 2006.

80.8. Performance standards for multi-pollutant control technology. -- The Secretary may issue a multi-pollutant control permit that meets or exceeds the following minimum performance standards:

<u>Air Pollutant</u>	<u>Performance Standard</u>
Hg	80% removal efficiency, based on compliance test results
SO ₂	50% removal efficiency and a maximum emission rate of 0.60 lb/mmBtu, based on a thirty day rolling average
NO _x	70% removal efficiency and a maximum emission rate of 0.15 lb/mmBtu, based on an

ozone season average

80.9. The Administrator shall deduct as retired all NO_x allowances allocated pursuant to section 42. to a NO_x Budget unit for which a multi-pollutant control permit has been issued for any ozone season for which the unit is eligible for the exemption set forth in subsection 80.7.

80.10. For each year after the effective date of the multi-pollutant control permit, the Administrator shall deduct as retired 50 percent of all SO₂ allowances allocated pursuant to 40 CFR Part 72 to an affected unit for which a multi-pollutant control permit has been issued pursuant to subdivision 80.4.b. In the first year after a multi-pollutant control permit has been issued pursuant to subdivision 80.4.b., deductions under this subsection shall be pro-rated based upon effective date of the multi-pollutant control permit.

80.11. Notwithstanding the provisions of paragraph 42.2.a.2., the Secretary shall allocate allowances in accordance with paragraph 42.2.a.1. for units which have been issued a multi-pollutant control permit.

80.12. For the 2006 ozone season, the owner and operator of a NO_x Budget unit for which a multi-pollutant control permit has been issued pursuant to subdivision 80.4.b. that fails to demonstrate compliance with all terms and conditions of the multi-pollutant control permit, shall hold NO_x allowances in the unit's compliance account or the overdraft account of the source where the unit is located, to cover all NO_x emissions in excess of the number of NO_x allowances allocated to the unit and retired under subsection 80.9. for all ozone seasons during which the NO_x Budget unit was eligible for the exemption set forth in subsection 80.7., as of the NO_x allowance transfer deadline, specified in subdivision 54.1, for the 2006 ozone season. The requirement to hold NO_x allowances under this subsection shall be in addition to the requirement to hold NO_x allowances under subdivision 6.3.a. for the 2006 ozone season emissions.

80.13. For the 2007 ozone season and thereafter, enforcement of terms and conditions of the multi-pollutant control permit shall be in accordance with the requirements of a permit issued pursuant to 45CSR13. The requirements of this subsection shall be in addition to the compliance requirements set forth

in section 54.

80.14. Compliance. -- Deductions for compliance, deductions for excess emissions and violations under subsection 80.12. shall be determined in accordance with the provisions of section 54.

□
APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: 45CSR26 - "NOx Budget Trading Program as a Means of Control and Reduction of Nitrogen Oxides from Electric Generating Units"

Type of Rule: Legislative Interpretive Procedural

Agency: Office of Air Quality

Address: 7012 MacCorkle Avenue, SE

Charleston, WV 25304-2943

1. Effect of Proposed rule:

	ANNUAL FISCAL YEAR				
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST	\$ 69,950	\$ 0	\$ 66,600	\$ 66,600	\$ 69,950
PERSONAL SERVICES	62,370	0	60,000	60,000	62,370
CURRENT EXPENSE	6,980	0	6,600	6,600	6,980
REPAIRS & ALTERATIONS	0	0	0	0	0
EQUIPMENT	600	0	0	300	600
OTHER	0	0	0	0	0

2. Explanation of Above Estimates:
Approximately one (1) FTE personnel costs plus associated operating and equipment cost are estimated for rule development and implementation activities in the current and next fiscal years and thereafter.

3. Objectives of These Rules:
To respond to U.S. EPA's requirement for a state plan (SIP) to reduce nitrogen oxides emissions from electric utility emission units to mitigate interstate ozone transport.

Rule Title: 45CSR26 - "NOx Budget Trading Program as a Means of Control and Reduction of Nitrogen Oxides from Electric Generating Units"

4. Explanation of Overall Economic Impact of Proposed Rule:

A. Economic Impact on State Government:

See the Table above (Item 1) for estimated direct cost of rule implementation to WVDEP/OAQ. It is estimated that electricity costs in West Virginia may increase by 3-4% as a result of this rule implementation. However, as noted in the briefing document, federal counterpart rules impose equivalent requirements and would result in similar increases regardless of the existence of this state rule. This fact applies to B. and C. below as well.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific Groups of Citizens:

It is estimated that electricity costs may increase by 3-4% as a result of this rule. Annualized costs of compliance for electric power generating facilities within the State are estimated to be \$191million using data provided by the power industry and \$152 million using U.S. EPA estimates. These estimated costs may be significantly reduced under alternative compliance provisions of the rule which allow delayed compliance for innovative emissions control technology installation.

C. Economic Impact on Citizens/Public at Large.

It is estimated that electric power costs for residential consumers may increase by 3-4% with implementation of this rule.

Date: _____

Signature of Agency Head or Authorized Representative:

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION

ADVISORY COUNCIL MEETING – MINUTES

Tuesday, May 29, 2001 ~ 1:00 p.m.
Second Floor Conference Room - Nitro

Attendees:

Advisory Council Members:

Michael O. Callaghan – Chairman
Lisa Dooley
Jackie Hallinan
Larry Harris
Bill Raney
Rick Roberts
Bill Samples

DEP:

Bill Adams
John Ailes
Dave Bassage
John Benedict
Bill Brannon
Laura Crowder
Mike Dorsey
Lewis Halstead

Randy Huffman
Pam Nixon
Ken Politan
Charlie Sturey
Allyn Turner
Dave Watkins
Karen Watson
Mike Zeto

CITIZENS:

Victoria Moore
Elaine Purkey
Freda Williams

The meeting was called to order at 1:00 p.m. by Chairman Michael O. Callaghan.

Welcome/Opening Remarks - Chairman Callaghan:

Chairman Callaghan opened the meeting by announcing that he had reorganized the West Virginia Department of Environmental Protection (WV DEP) and consolidated certain offices into four divisions: Division of Mining and Reclamation, Matt Crum, Director; Division of Waste Management, Ken Ellison, Director; Division of Water

Resources, Allyn Turner, Director; and Division of Air Quality, Director position currently vacant. Other appointments by Chairman Callaghan include Dave Bassage, Coordinator of Innovative Policy; Cap Smith, Head of Special Projects; and John Ailes, Special Advisor for Mining Affairs. Mr. Callaghan distributed a copy of May 29th news release, announcing the restructuring (see attached).

2001 Legislative Session Overview:

William E. Adams, Jr., Deputy Secretary, provided an overview of the 2001 legislative session. Mr. Adams commented that DEP was successful in getting all but two of their rules passed during the session, and he distributed a copy of a news release covering the scope of legislative action regarding DEP's rules (news release attached).

Presentation of 2002 Proposed Legislative Rules:

Office of Air Quality -

John Benedict presented rules 45CSR1 and 45CSR26 to the Council.
Karen Watson presented rules 45CSR 8, 9, 15, 16, 18, 25, 33 and 34.

Office of Mining and Reclamation -

Lewis Halstead presented rules 38CSR2 and 38 CSR 4.

Office of Waste Management -

Mike Dorsey presented rule 33CSR20.

Office of Water Resources -

Ken Politan presented rules 47CSR5A and 47CSR30.
David Watkins presented rules 47CSR57B and 47CSR13.
Allyn Turner - Discussed the anti-degradation legislation passed during the 2001 legislative session and the need to file any proposed 2002 rules after July 1, 2001 because the authority for the promulgation of this rule will not vest with the DEP until then.

Environmental Enforcement -

Mike Zeto presented the rule for Administrative Proceedings and Civil Penalty Assessment.

Upon conclusion of rules presentations, Randy Huffman, DEP Assistant Secretary, thanked everyone for coming and commented that the rules will be filed with the Secretary of State's office by Wednesday, June 06, 2001, for the thirty-day comment period and then go to public hearings. Cindy Lawson read the 2002 rules filing guideline and deadline dates. Mr. Huffman asked for guidance from the council members. A comment was made that the rules should be in the hands of the Advisory Council a week preceding the meeting and Mr. Huffman stated that this was the goal of the agency. With the legislative session beginning 30 days later this year, however, the process was delayed as an overlapping of final filing and pre-filing for 2002 could not be prevented.

Bill Raney, Council Member, made a motion that the Advisory Council acknowledges the submission and presentation of the 2002 rules. William Samples, Council Member, seconded the motion.

A motion to adjourn the meeting was made by Bill Raney and seconded by Larry Harris, Council Member. The meeting adjourned 3:50 p.m.

Attachments



News Release

Department of Environmental Protection
West Virginia

Release: May 29, 2001
For Information: (304) 759-0515

DEP program offices consolidated from eight to four; Crum to head mining office

CHARLESTON — The state's environmental protection agency is being reorganized into four primary regulatory divisions and a former federal prosecutor is taking over the mining office, the state's foremost environmentalist said Tuesday.

Under the change, four office heads, who will be called division directors, will report directly to DEP Secretary Michael O. Callaghan, the Cabinet secretary said.

They are directors of the Division of Air Quality, Division of Water Resources, Division of Waste Management and Division of Mining & Reclamation.

The reorganization takes in the current program offices of Abandoned Mine Lands & Reclamation, Air Quality, Environmental Remediation, Explosives and Blasting, Mining and Reclamation, Oil & Gas, Waste Management and Water Resources.

"These changes are long overdue and are necessary to make the entire structure of the new Department of Environmental Protection more manageable," Callaghan said.

The Legislature at the request of Gov. Bob Wise this year elevated the agency from the Division of Environmental Protection to department status and made Callaghan a Cabinet-level secretary.

"I want the agency head to be immediately accessible to those who are in critical decisionmaking positions," Callaghan said. "This is needed to respond to environmental problems promptly and for the complex process of issuing permits. These changes give the division heads more authority than the old chiefs had and I hope groups them together as environmental protectors rather than as eight entities doing their individual thing."

Callaghan also announced he has named Matthew B. Crum, an environmental lawyer with the U.S. Justice Department in Washington, as director of the mining office, taking over for John Ailes, who has been acting chief.

Crum, 35, who lives in Fairfax, Va., has been a lawyer in the environmental enforcement section for the Justice Department since 1998. He previously worked for the Division of Environmental Protection and The Nature Conservancy.

Ailes has been named as a special adviser for mining affairs and will report directly to Callaghan.

"Matt incorporates all the leading assets the agency needs to move the mining regulatory and permitting program forward," Callaghan said. "John Ailes will serve equally well in a key advisory capacity to the secretary. I am building a new mining program and am looking at least a decade into the future to set those plans in place."



News Release

Department of Environmental Protection
West Virginia

Release: May 29, 2001
For Information: (304) 759-0515

Reorg 2-2-2

Ken Ellison, who has been chief of the Office of Remediation, will become director of the waste office. Former Office of Waste Management Chief Cap Smith is joining Callaghan's staff as head of special projects. Office of Water Resources Chief Allyn Turner takes over the water division.

Callaghan is seeking a director for the Air Division after Skipp Kropp, former chief of the Office of Air Quality, submitted his resignation last week.

Dr. Dee Ann Staats, Ph.D, rounds out the staff reorganization. DEP has suffered for years by the lack of a formal science adviser, particularly in the areas over which Ellison will have control. Staats is being hired in the newly created position of science adviser and will deal primarily with Ellison's office.

Staats, 44, of South Charleston, earned an undergraduate degree in chemistry from West Virginia Wesleyan in 1979 and her doctorate in pharmacology toxicology from West Virginia University in 1987.

Callaghan has been promising changes in the top management of DEP since he took over the agency Feb. 13.

"This agency long has failed to adequately complete its mission," Callaghan said. "It has been plagued by faltering, indecision and a lack of self-confidence. The management structure has failed to meet the expectations and output of the 800 fine employees who have made every effort to do the right thing for the agency and properly perform its mission. It is time for management to support the effort of these quality employees."

Earlier, Callaghan named general counsel Bill Adams as his sole deputy secretary, eliminating two other deputy positions. He also named former Deputy Randy Huffman as assistant secretary.

Continuing to report directly to Callaghan will be Environmental Advocate Pam Nixon, Innovative Policy Director Dave Bassage, Enforcement Coordinator Mike Zeto, and the Public Information Office.

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**Department of
Environmental Protection**

SECRETARY
Michael Callaghan

DRAFT
5/23/01

Asst. Secretary
Randy Huffman

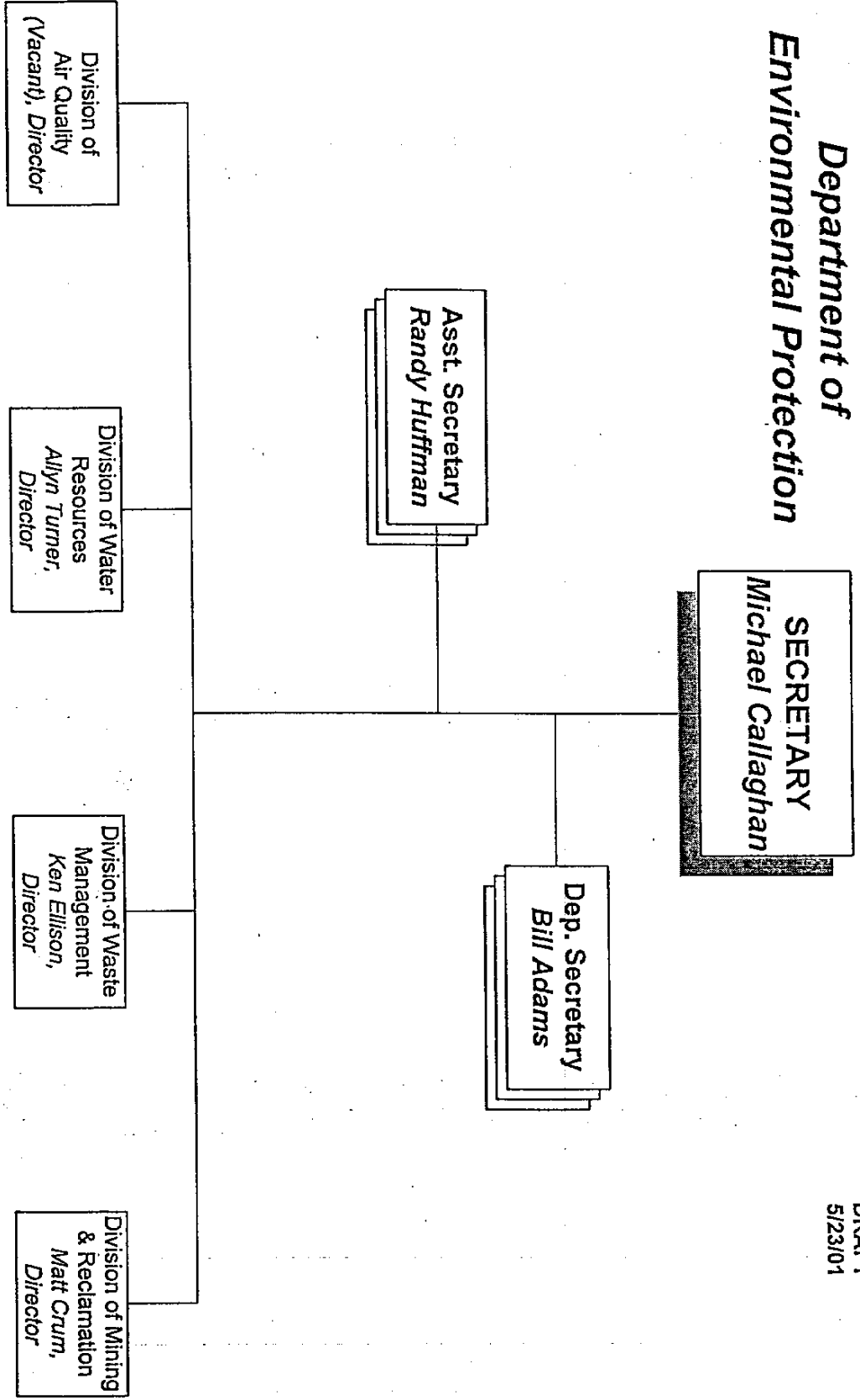
Dep. Secretary
Bill Adams

**Division of
Air Quality**
(Vacant), Director

**Division of Water
Resources**
*Ailyn Turner,
Director*

**Division of Waste
Management**
*Ken Ellison,
Director*

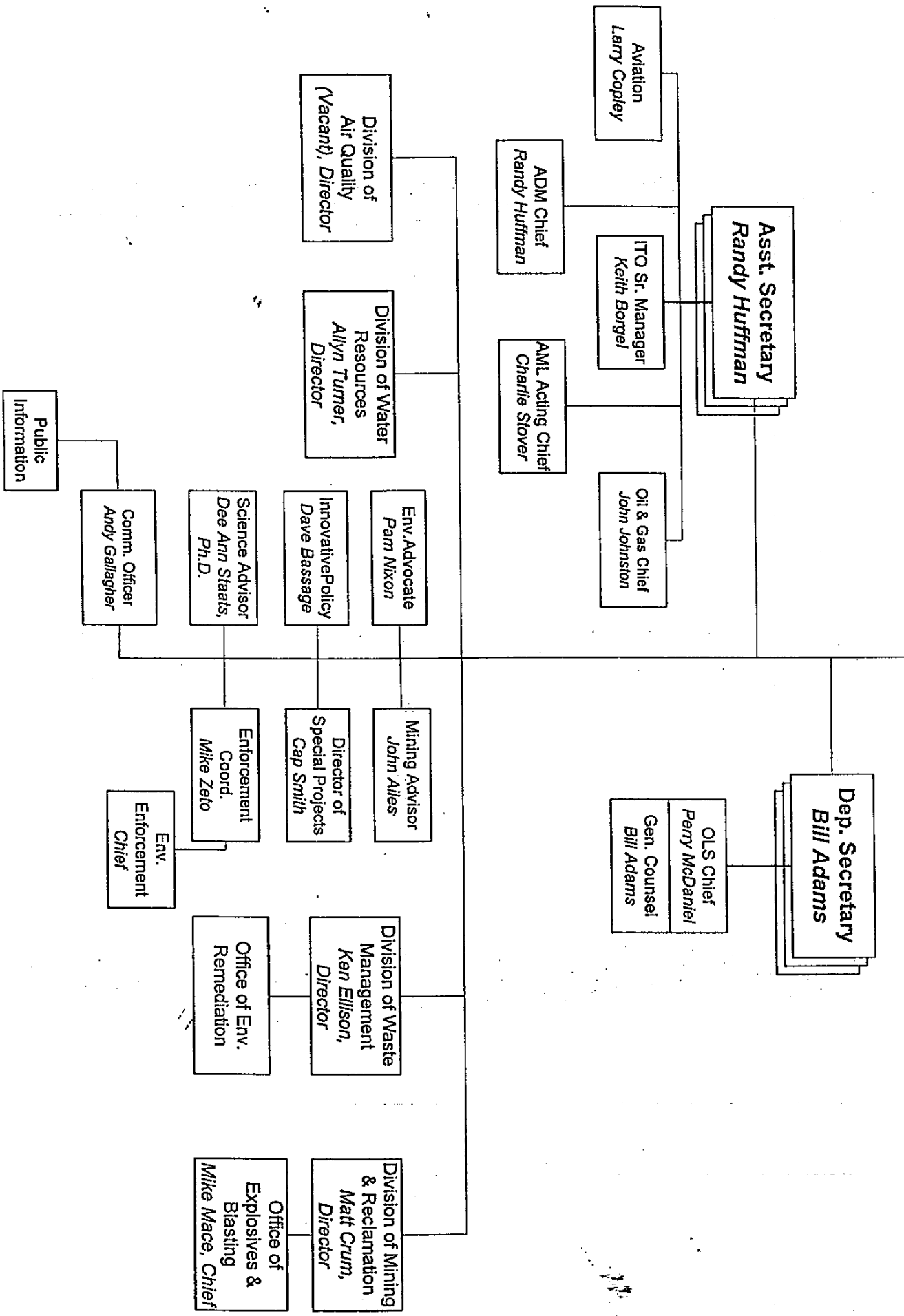
**Division of Mining
& Reclamation**
*Matt Crum,
Director*



Department of Environmental Protection

SECRETARY
Michael Callaghan

DRAFT
5/23/01





News Release

Department of Environmental Protection
West Virginia

Release: May 29, 2001
For Information: (304) 759-0515

Justice Department environmental lawyer to head up the DEP's mines office

NITRO — An environmental lawyer with the U.S. Department of Justice is taking over West Virginia's mining regulatory program, Department of Environmental Protection Secretary Michael O. Callaghan said Tuesday.

Matthew B. Crum, named chief of the Office of Mining and Reclamation, begins work June 11. He replaces John Ailes, who becomes a special adviser to Callaghan, focusing on mining issues.

Crum, 35, who lives in Fairfax, Va., has been a lawyer in the environmental enforcement section for the Justice Department since 1998. He previously worked for the Division of Environmental Protection and The Nature Conservancy.

He was lead counsel representing the federal government in the prosecution of civil enforcement cases under the Clean Water Act; the Clean Air Act; the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act.

"Matt incorporates all the leading assets the agency needs to move the mining regulatory and permitting program forward," Callaghan said. "We are extremely fortunate to attract a person of his ability and character to head this program, which has seen too much turbulence in recent years.

"I believe Matt will give the program the stability it needs to help Governor Wise fulfill his mission for West Virginia," Callaghan said.

"I recognize that the department is facing several complex and contentious issues regarding the mining program," Crum said. "I look forward to returning to the agency to directly address these challenges. My family and I are very pleased to be coming back to the state of West Virginia."

Crum also has been involved in negotiations with the regulated community to resolve environmental enforcement issues, with emphasis on the prevention of illegal discharge of pollutants into waterways, the improper handling or storage of hazardous wastes and the unpermitted emission of airborne contaminants; negotiations designed to resolve conflict with corporations and individuals without compromising the integrity of the environment

He has been involved in the management of litigation teams consisting of U.S. Environmental Protection Agency regional counsel and technical personnel.

From 1994 to 1997, Crum was a deputy chief for the Office of Legal Services for the former Division of Environmental Protection.



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Crum 2-2-2

He served as lead counsel before circuit courts and administrative tribunals regarding enforcement actions against numerous corporations and municipalities. He also defended agency permits.

In 1996, Crum was an acting deputy attorney general in Charleston and served as supervisor of operations of the energy and environment division. He was in the environmental and litigation departments of the Charleston law firm of Robinson & McElwee from 1991 to 1994.

Crum and Perry McDaniel, head of the DEP legal office, were on opposite sides during a longtime dispute over licensing of a pulp mill at Apple Grove on the Ohio River. The proposal eventually was abandoned. Crum, who was working for the DEP at the time, was defending the agency's issuance of the permit. McDaniel, who represented the challengers, opposed it.

"I thought he was fair and I got along fine with him," McDaniel said. "I believe Matt is a good choice to head up this important program and I look forward to working with him."

Crum won commendations in 1997 from the U.S. Attorney General for outstanding performance and invaluable service to the Justice Department relating to environmental enforcement and from the U.S. Environmental Protection Agency for environmental enforcement.

He previously served as director of development and communications for The Nature Conservancy of West Virginia in 1997.

Crum is a 1991 graduate of Washington and Lee University's College of Law and holds a political science undergraduate degree from Virginia Tech.



News Release

Department of Environmental Protection
West Virginia

Release: May 29, 2001
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Science adviser position created and Staats added to staff

CHARLESTON – To beef up the science component of the Department of Environmental Protection, a toxicologist is being added to the agency staff, Cabinet Secretary Michael O. Callaghan said Tuesday.

“I am very pleased to announce Doctor Dee Ann Staats is joining the staff on June 1,” Callaghan said. She is a Ph.D.

“She will be an invaluable addition to help us with a number of complex health issues,” Callaghan said. “She will be the science adviser.” It is a newly created position attached to the secretary’s staff. Callaghan created the position to emphasize the importance of having a more science-orientation to the way DEP does business.

While Staats is part of the central office, she will be assigned to the critical area of the Office of Waste & Remediation, the unit that is attempting to bring back into production industrial sites that were polluted in the past.

“We have needed someone of Doctor Staats caliber for some time,” Waste & Remediation Director Ken Ellison said. “We will be able to use her expertise in a number of different areas. I am eager for her to begin work. With her, we now can start looking at environmental protection more from a health risk standpoint.”

Staats, 44, has been president of her own consulting firm, D.A. Staats Inc., since September 1991. She specialized in environmental and occupational toxicology, consulting nationwide for the federal government.

She is a native of West Virginia, however, and wanted to return to the state. Her brother, Ed Staats, is chief of operations for Gov. Bob Wise. Dee Ann Staats now lives in South Charleston.

“I am happy to be home in West Virginia,” Staats said. “I’m honored to contribute my expertise in environmental health in the service of her people.”

Staats earned her undergraduate degree in chemistry from West Virginia Wesleyan in 1979 and her doctorate in pharmacology toxicology from West Virginia University in 1987.

Environmental agency has successful legislative session

CHARLESTON -- Lawmakers provided nearly \$1 million for water measurements, established new water protection standards and increased water pollution penalties during the 2001 session of the West Virginia Legislature.

The House of Delegates approved the state's budget 81-12 and the Senate on a vote of 27-0 Monday night to end the legislative session.

"We faced a number of serious and difficult challenges during this session and I believe came to the forefront in facing each," said Michael O. Callaghan, who was confirmed as DEP director by the Senate on a 34-0 vote.

"Governor Bob Wise was solidly behind our environmental initiatives and I want to personally thank him and the members of the House of Delegates and the state Senate for their steadfast support," Callaghan said Tuesday.

The new state budget, adopted in the extended session of the Legislature, includes \$946,000 to permit the DEP's Office of Water Resources to develop studies on impaired streams, a program commonly known as total maximum daily loads. The TMDLs determine how much pollution a stream can assimilate and still meet federal protection standards.

TMDLs will be used in the future to determine whether development can take place along impaired streams. The federal government had been doing the studies and the state wanted to assume control of them.

After a lengthy battle, legislators also adopted standards aimed at providing additional protections to more than 2,000 miles of trout and other high-quality streams in West Virginia.

The antidegradation legislation rewrote rules to prevent water sources in the state from being further polluted by industrial activity.

"We believe the proposal crafted by the DEP and pushed vigorously by Office of Water Resources Chief Allyn Turner is a good compromise that will be found acceptable by the U.S. Environmental Protection Agency," Callaghan said. "It will protect streams, provide for future protections, and still allow development."

A key element retained by DEP is a classification of a stream known as tier 2.5, which allows only limited additional wastes to be discharged on those waters. It is a higher standard than that found under federal law. The bill also allows for landowners to petition Callaghan for a redress of their complaints if they believe their water has been improperly classified.

EPA has indicated it supports the legislation.

This same bill also included a number of other rules changes the agency wanted that dealt with air, mining, hazardous waste, underground storage, blasting and other offices.

One of the proposals provides a limited exemption to the prohibition of disposing yard waste in landfills by allowing it only where no other option is available.

After a three-year push, the DEP was successful, with the cooperation of business, particularly the West Virginia Manufacturers Association, and conservation groups, in increasing penalty limits for water pollution violations.

The proposal, advocated by Chief Inspector Mike Zeto, brings the state in line with surrounding states and had been sought by EPA.

It takes the maximum potential daily fine to \$25,000 from the current \$10,000.

Legislation also was approved to change the division into the Department of Environmental Protection, to make Callaghan a Cabinet-level secretary and give him a pay raise.

The change reflects the importance Governor Wise places on the DEP in protecting the state's environment and in also furthering business development.

Legislation to provide change in last year's blasting laws to ensure homeowners receive copies of preblast surveys also was enacted. The surveys are done prior to blasting to document whether the explosions have damaged a residence or water sources. The federal government sought the changes. The measure also adds inspection, enforcement and appeals procedures.

The Legislature approved a bill to continue the operations of the Department of Environmental Protection until July 2, 2002.

Only one major bill was lost by the DEP this session when a member of the House of Delegates blocked enactment of the Senate-passed measure. It was legislation to protect people living downstream from dangerous dams. The bill died in the House of Delegates.