ARTICLE 24. CROSS-STATE AIR POLLUTION RULE (CSAPR) PROGRAMS

Rule 1. Clean Air Interstate Rule Nitrogen Oxides Annual Trading Program (Repealed)

(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)

Rule 2. Clean Air Interstate Rule (CAIR) Sulfur Dioxide Trading Program (Repealed)

(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)

Rule 3. Clean Air Interstate Rule (CAIR) NO_x Ozone Season Trading Program

326 IAC 24-3-1 Applicability

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 1. Any large affected unit as defined in section 2 of this rule, shall be a CAIR NO_x ozone season unit, and any source that includes one (1) or more such units shall be a CAIR NO_x ozone season source, and shall be subject to the requirements of this rule. *(Air Pollution Control Division; 326 IAC 24-3-1; filed Jan 26, 2007, 10:25 a.m.: 20070221-IR-326050117FRA; filed May 12, 2009, 11:16 a.m.: 20090610-IR-326080005FRA; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-2 Definitions

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-11-2; IC 13-15; IC 13-17

Sec. 2. For purposes of this rule, the definition given for a term in this rule shall control in any conflict between 326 IAC 1-2 and this rule. In addition to the definitions provided in IC 13-11-2 and 326 IAC 1-2, the following definitions apply throughout this rule, unless expressly stated otherwise or unless the context clearly implies otherwise:

(1) "Account number" means the identification number given by the U.S. EPA to each CAIR NO_x ozone season allowance tracking system account.

(2) "Acid rain emissions limitation" means a limitation on emissions of sulfur dioxide or nitrogen oxides under the acid rain program.

(3) "Acid rain program" means a multistate sulfur dioxide and nitrogen oxides air pollution control and emission reduction program established by the U.S. EPA under Title IV of the Clean Air Act and 40 CFR Parts 72 through 40 CFR 78*.

(4) "Allocate" or "allocation" means, with regard to CAIR NO_x ozone season allowances, the determination by a permitting authority or the U.S. EPA of the amount of such CAIR NO_x ozone season allowances to be initially credited to a CAIR NO_x ozone season unit, a new unit set-aside, an energy efficiency or renewable energy set-aside, or other entity.

(5) "Allowance transfer deadline" means, for a control period, midnight of November 30 (if it is a business day), or midnight of the first business day thereafter (if November 30 is not a business day), immediately following the control period and is the deadline by which a CAIR NO_x ozone season allowance transfer must be submitted for recordation in a CAIR NO_X source's compliance account in order to be used to meet the source's CAIR NO_x ozone season emissions limitation for such control period in accordance with sections 9(i) and 9(j) of this rule.

(6) "Alternate CAIR designated representative" means, for a CAIR NO_x ozone season source and each CAIR NO_x ozone season unit at the source, the natural person who is authorized by the owners and operators of the source and all such units at the source in accordance with sections 6 and 12 of this rule, to act on behalf of the CAIR designated representative in matters pertaining to the CAIR NO_x ozone season trading program. If the CAIR NO_x ozone season source is also a CAIR NO_x source, then this natural person shall be the same person as the alternate CAIR designated representative under the CAIR NO_x annual trading program. If the CAIR NO_x ozone season source is also a CAIR SO_2 source, then this natural person shall be the same person as the alternate CAIR designated representative under the CAIR SO_2 trading program. If the CAIR NO_x ozone season source is also subject to the acid rain program, then this natural person shall be the same person as the alternate designated representative under the acid rain program. If the CAIR NO_x ozone season source is also subject to the mercury budget trading program, then this natural person shall be the same person as the alternate mercury designated representative under the mercury budget trading program.

(7) "Automated data acquisition and handling system" or "DAHS" means that component of the continuous emission monitoring system, or other emissions monitoring system approved for use under section 11 of this rule, 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 section 11 of this rule.

(8) "Biomass" means any of the following:

(A) Organic material grown for the purpose of being converted to energy.

(B) Organic byproduct of agriculture that can be converted into energy.

(C) Material that:

(i) can be converted into energy and is nonmerchantable for other purposes;

(ii) is segregated from other nonmerchantable material; and

(iii) is:

(AA) a forest-related organic residue, including mill residues, precommercial thinnings, slash, brush, or byproduct from conversion of trees to merchantable material; or

(BB) a wood material, including pallets, crates, dunnage, manufacturing and construction materials (other than pressure-treated, chemically-treated, or painted wood products), and landscape or right-of-way trimmings.

(9) "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.

(10) "Bottoming-cycle cogeneration unit" means a cogeneration unit in which the energy input to the unit is first used to produce useful thermal energy and at least some of the reject heat from the useful thermal energy application or process is then used for electricity production.

(11) "CAIR authorized account representative" means, with regard to a general account, a responsible natural person who is authorized, in accordance with sections 6, 9, and 12 of this rule, to transfer and otherwise dispose of CAIR NO_x ozone season allowances held in the general account and, with regard to a compliance account, the CAIR designated representative of the source.

(12) "CAIR designated representative" means, for a CAIR NO_x ozone season source and each CAIR NO_x ozone season unit at the source, the natural person who is authorized by the owners and operators of the source and all such units at the source, in accordance with sections 6 and 12 of this rule, to represent and legally bind each owner and operator in matters pertaining to the CAIR NO_x ozone season trading program. If the CAIR NO_x ozone season source is also a CAIR NO_x source, then this natural person shall be the same person as the CAIR designated representative under the CAIR NO_x annual trading program. If the CAIR NO_x ozone season source is also a CAIR SO_2 source, then this natural person shall be the same person as the CAIR designated representative under the CAIR SO_2 trading program. If the CAIR NO_x ozone season source is also subject to the acid rain program, then this natural person shall be the same person as the designated representative under the acid rain program. If the CAIR NO_x ozone season source is also subject to the mercury budget trading program, then this natural person shall be the same person as the mercury designated representative under the mercury budget trading program.

(13) "CAIR NO_x annual trading program" means a multistate nitrogen oxides air pollution control and emission reduction program approved and administered by the U.S. EPA in accordance with 326 IAC 24-1; 40 CFR 96, Subparts AA through II* and 40 CFR 51.123(o)(1) or 40 CFR 51.123(o)(2)*; or established by the U.S. EPA in accordance with 40 CFR 97, Subparts AA through II* and 40 CFR 51.123(p)* and 40 CFR 52.35*, as a means of mitigating interstate transport of fine particulates and nitrogen oxides.

(14) "CAIR NO_x ozone season allowance" means a limited authorization issued by a permitting authority or the U.S. EPA under provisions of a state implementation plan that are approved under 40 CFR 51.123(aa)(1) or 40 CFR 51.123(aa)(2), and 40 CFR 51.123(bb)(1), 40 CFR 51.123(bb)(2), 40 CFR 51.123(dd), or 40 CFR 51.123(ee)*, or under 40 CFR 97*, to emit one (1) ton of nitrogen oxides during a control period of the specified calendar year for which the authorization is allocated or of any calendar year thereafter under the CAIR NO_x ozone season trading program or a limited authorization issued by a permitting authority for a control period during 2003 through 2009 under the NO_x budget trading program in accordance with 40 CFR 51.121(p)* or 326 IAC 10-4 to emit one (1) ton of nitrogen oxides during a control period, provided that the provision in 40 CFR 51.121(b)(2)(ii)(E)* shall not be used in applying this definition and the limited authorization

shall not have been used to meet the allowance-holding requirement under the NO_x budget trading program. An authorization to emit nitrogen oxides that is not issued under provisions of a state implementation plan approved under 40 CFR 51.121(p)* or 40 CFR 51.123(aa)(1) or 40 CFR 51.123(aa)(2), and 40 CFR 51.123(bb)(1), 40 CFR 51.123(bb)(2), 40 CFR 51.123(dd), or 40 CFR 51.123(ee)*, or under 40 CFR 97* shall not be a CAIR NO_x ozone season allowance.

(15) "CAIR NO_x ozone season allowance deduction" or "deduct CAIR NO_x ozone season allowances" means the permanent withdrawal of CAIR NO_x ozone season allowances by the U.S. EPA from a compliance account, for example, in order to account for a specified number of tons of total nitrogen oxides emissions from all CAIR NO_x ozone season units at a CAIR NO_x ozone season source for a control period, determined in accordance with section 11 of this rule, or to account for excess emissions.

(16) "CAIR NO_x ozone season allowances held" or "hold CAIR NO_x ozone season allowances" means the CAIR NO_x ozone season allowances recorded by the U.S. EPA, or submitted to the U.S. EPA for recordation, in accordance with sections 9, 10, and 12 of this rule, in a CAIR NO_x ozone season allowance tracking system account.

(17) "CAIR NO_x ozone season allowance tracking system" means the system by which the U.S. EPA records allocations, deductions, and transfers of CAIR NO_x ozone season allowances under the CAIR NO_x ozone season trading program. Such allowances will be allocated, held, deducted, or transferred only as whole allowances.

(18) "CAIR NO_x ozone season allowance tracking system account" means an account in the CAIR NO_x ozone season allowance tracking system established by the U.S. EPA for purposes of recording the allocation, holding, transferring, or deducting of CAIR NO_x ozone season allowances.

(19) "CAIR NO_x ozone season emissions limitation" means, for a CAIR NO_x ozone season source, the tonnage equivalent, in NO_x emissions in a control period, of the CAIR NO_x ozone season allowances available for deduction for the source under section 9(i) and 9(j)(1) of this rule for the control period.

(20) "CAIR NO_x ozone season source" means a source that includes one (1) or more CAIR NO_x ozone season units.

(21) "CAIR NO_x ozone season trading program" means a multistate nitrogen oxides air pollution control and emission reduction program approved and administered by the U.S. EPA in accordance with this rule; 40 CFR 96, Subparts AAAA through IIII* and 40 CFR 51.123(aa)(1) or 40 CFR 51.123(aa)(2), and 40 CFR 51.123(bb)(1), 40 CFR 51.123(bb)(2), or 40 CFR 51.123(dd)*; or established by the U.S. EPA in accordance with 40 CFR 97, Subparts AAAA through IIII* and 40 CFR 51.123(ee)* and 40 CFR 52.35*, as a means of mitigating interstate transport of ozone and nitrogen oxides.

(22) "CAIR NO_x ozone season unit" means a unit that is subject to the CAIR NO_x ozone season trading program under section 1 of this rule and, and except for the purposes of sections 3 and 8 of this rule, a CAIR NO_x ozone season opt-in unit under section 12 of this rule.

(23) "CAIR NO_x source" means a source that is subject to the CAIR NO_x annual trading program.

(24) "CAIR permit" means the legally binding and federally enforceable written document, or portion of such document, issued by the department under section 7 of this rule, including any permit revisions, specifying the CAIR NO_x ozone season trading program requirements applicable to a CAIR NO_x ozone season source, to each CAIR NO_x ozone season unit at the source, and to the owners and operators and the CAIR designated representative of the source and each such unit.

(25) "CAIR SO_2 source" means a source that is subject to the CAIR SO_2 trading program.

(26) "CAIR SO_2 trading program" means a multistate sulfur dioxide air pollution control and emission reduction program approved and administered by the U.S. EPA in accordance with 326 IAC 24-2; 40 CFR 96, Subparts AAA through III* and 40 CFR 51.124(o)(1) or 40 CFR 51.124(o)(2)*; or established in accordance with 40 CFR 97, Subparts AAA through III and 40 CFR 51.124(r)* and 40 CFR 52.36*, as a means of mitigating interstate transport of fine particulates and sulfur dioxide.

(27) "Coal" means any solid fuel classified as anthracite, bituminous, subbituminous, or lignite.

(28) "Coal-derived fuel" means any fuel, whether in a solid, liquid, or gaseous state, produced by the mechanical, thermal, or chemical processing of coal.

(29) "Coal-fired" means:

(A) except for purposes of section 8 of this rule, combusting any amount of coal or coal-derived fuel, alone or in combination with any amount of any other fuel, during any year; or

(B) for purposes of section 8 of this rule, combusting any amount of coal or coal-derived fuel, alone or in combination with any amount of any other fuel, during a specified year.

(30) "Cogeneration unit" means a stationary, fossil-fuel-fired boiler or stationary, fossil-fuel-fired combustion turbine:

(A) having equipment used to produce electricity and useful thermal energy for industrial, commercial, heating, or cooling purposes through the sequential use of energy;

(B) producing electricity during the twelve (12) month period starting on the date the unit first produces electricity and during any calendar year after the calendar year in which the unit first produces electricity:

(i) for a topping-cycle cogeneration unit:

(AA) useful thermal energy not less than five percent (5%) of total energy output; and

(BB) useful power that, when added to one-half (½) of useful thermal energy produced, is not less than forty-two and one-half percent (42.5%) of total energy input, if useful thermal energy produced is fifteen percent (15%) or more of total energy output, or not less than forty-five percent (45%) of total energy input, if useful thermal energy produced is less than fifteen percent (15%) of total energy output; and

(ii) for a bottoming-cycle cogeneration unit, useful power not less than forty-five percent (45%) of total energy input; and

(C) provided that the total energy input under clause (B)(i)(BB) and (B)(ii) shall equal the unit's total energy input from all fuel except biomass if the unit is a boiler.

(31) "Combustion turbine" means:

(A) an enclosed device comprising 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; and

(B) if the enclosed device under clause (A) is combined cycle, any associated duct burner, heat recovery steam generator and steam turbine.

(32) "Commence commercial operation" means, with regard to a unit serving a generator, the following:

(A) 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 sections 3 and 12(f)(10) of this rule, subject to the following:

(i) For a unit that is a CAIR NO_x ozone season unit under section 1 of this rule on the later of November 15, 1990, or the date the unit commences commercial operation as defined in this clause and that subsequently undergoes a physical change (other than replacement of the unit by a unit at the same source) such date shall remain the date of commencement of commercial operation of the unit, which shall continue to be treated as the same unit.

(ii) For a unit that is a CAIR NO_x ozone season unit under section 1 of this rule on the later of November 15, 1990, or the date the unit commences commercial operation as defined in this clause and that is subsequently replaced by a unit at the same source (for example, repowered), such date shall remain the replaced unit's date of commencement of commercial operation, and the replacement unit shall be treated as a separate unit with a separate date for commencement of commercial operation as defined in this clause or clause (B) as appropriate.

(B) Notwithstanding clause (A) and except as provided in section 3 of this rule, for a unit that is not a CAIR NO_x ozone season unit under section 1 of this rule on the later of November 15, 1990, or the date the unit commences commercial operation as defined in clause (A), the unit's date for commencement of commercial operation shall be the date on which the unit becomes a CAIR NO_x ozone season unit under section 1 of this rule, subject to the following:

(i) For a unit with a date for commencement of commercial operation as defined in this clause and that subsequently undergoes a physical change, other than replacement of the unit by a unit at the same source, such date shall remain the date of commencement of commercial operation of the unit, which shall continue to be treated as the same unit.

(ii) For a unit with a date for commencement of commercial operation as defined in this clause and that is subsequently replaced by a unit at the same source (for example, repowered), such date shall remain the replaced unit's date of commencement of commercial operation, and the replacement unit shall be treated as a separate unit with a separate date for commencement of commercial operation as defined in this clause or clause (A), as appropriate.

(C) Notwithstanding clauses (A) and (B), for a unit not serving a generator producing electricity for sale, the unit's

date of commencement of operation shall also be the unit's date of commencement of commercial operation.

(33) "Commence operation" means the following:

(A) 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 section 12(f)(10) of this rule.

(B) For a unit that undergoes a physical change (other than replacement of the unit by a unit at the same source) after the date the unit commences operation as defined in clause (A), such date shall remain the unit's date of commencement of operation of the unit, which shall continue to be treated as the same unit.

(C) For a unit that is replaced by a unit at the same source (for example, repowered) after the date the unit commences operation as defined in clause (A), such date shall remain the replaced unit's date of commencement, and the replacement unit shall be treated as a separate unit with a separate date for commencement of operation as defined in this clause or clause (A) or (B), as appropriate, except as provided in section 12(f)(10) of this rule.

(D) Notwithstanding clauses (A) through (C), and solely for purposes of section 11 of this rule, for a unit that is not a large affected unit under subdivision (51)(A) or (51)(B) on the later of November 15, 1990, or the date the unit commences operation as defined in clause (A) and that subsequently becomes a large affected unit under subdivision (51)(A) or (51)(B), the unit's date for commencement of operation shall be the date on which the unit becomes a large affected unit under subdivision (51)(A) or (51)(B).

(E) For a unit with a date of commencement of operation as defined in clause (D) and that subsequently undergoes a physical change, other than replacement of the unit by a unit at the same source, such date shall remain the date of commencement of operation of the unit, which shall continue to be treated as the same unit.

(F) For a unit with a date for commencement of operation as defined in clause (D) and that is subsequently replaced by a unit at the same source, for example, repowered, such date shall remain the replaced unit's date of commencement of operation, and the replacement unit shall be treated as a separate unit with a separate date for commencement of operation as defined in this clause and clauses (A) through (E), as appropriate.

(34) "Common stack" means a single flue through which emissions from two (2) or more units are exhausted.

(35) "Compliance account" means a CAIR NO_x ozone season allowance tracking system account, established by the U.S. EPA for a CAIR NO_x ozone season source under section 9 or 12 of this rule, in which any CAIR NO_x ozone season allowance allocations for the CAIR NO_x ozone season units at the source are initially recorded and in which are held any CAIR NO_x ozone season allowances available for use for a control period in order to meet the source's CAIR NO_x ozone season emissions limitation in accordance with section 9(i) and 9(j) of this rule.

(36) "Continuous emission monitoring system" or "CEMS" means the equipment required under section 11 of this rule to sample, analyze, measure, and provide, by means of readings recorded at least once every fifteen (15) minutes, using an automated data acquisition and handling system (DAHS), a permanent record of nitrogen oxides emissions, stack gas volumetric flow rate, stack gas moisture content, and oxygen or carbon dioxide concentration, as applicable, in a manner consistent with 40 CFR 75*. The following systems are the principal types of continuous emission monitoring systems required under section 11 of this rule:

(A) A flow monitoring system, consisting of a stack flow rate monitor and an automated data acquisition and handling system and providing a permanent, continuous record of stack gas volumetric flow rate, in standard cubic feet per hour (scfh).

(B) A nitrogen oxides concentration monitoring system, consisting of a NO_x ozone season pollutant concentration monitor and an automated data acquisition and handling system and providing a permanent, continuous record of NO_x ozone season emissions, in parts per million (ppm).

(C) A nitrogen oxides emission rate (or NO_x -diluent) monitoring system, consisting of a NO_x ozone season pollutant concentration monitor, a diluent gas (CO_2 or O_2) monitor, and an automated data acquisition and handling system and providing a permanent, continuous record of NO_x ozone season concentration, in parts per million (ppm), diluent gas concentration, in percent CO_2 or O_2; and NO_x ozone season emission rate, in pounds per million British thermal units (lb/MMBtu).

(D) A moisture monitoring system, as defined in 40 CFR 75.11(b)(2)* and providing a permanent, continuous record of the stack gas moisture content, in percent H_2O.

(E) A carbon dioxide monitoring system, consisting of a CO_2 pollutant concentration monitor, or an oxygen monitor

plus suitable mathematical equations from which the CO_2 concentration is derived, and an automated data acquisition and handling system and providing a permanent, continuous record of CO_2 emissions, in percent CO_2.

(F) An oxygen monitoring system, consisting of an O_2 concentration monitor and an automated data acquisition and handling system and providing a permanent, continuous record of O_2, in percent O_2.

(37) "Control period" means the period beginning May 1 of a calendar year, except as provided in section 4(c)(2) of this rule, and ending on September 30 of the same year, inclusive.

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

(39) "Emissions" means air pollutants exhausted from a unit or source into the atmosphere, as measured, recorded, and reported to the U.S. EPA by the CAIR designated representative and as determined by the U.S. EPA in accordance with section 11 of this rule.

(40) "Energy efficiency or renewable energy projects" means any of the following implemented in Indiana:

(A) End-use energy efficiency projects, including demand-side management programs.

(B) Highly efficient electricity or steam generation for the predominant use of a single end user, such as combined cycle, combined heat and power, microturbines, and fuel cell systems. In order to be considered as highly efficient electricity generation under this clause, combined cycle, combined heat and power, microturbines, and fuel cell generating systems must meet or exceed the following thresholds:

(i) For combined heat and power projects generating both electricity and thermal energy for space, water, or industrial process heat, rated energy efficiency of sixty percent (60%).

(ii) For microturbine projects rated at or below five hundred (500) kilowatts generating capacity, rated energy efficiency of forty percent (40%).

(iii) For combined cycle projects rated at greater than five hundred (500) kilowatts, rated energy efficiency of fifty percent (50%).

(iv) For fuel cell systems, rated energy efficiency of forty percent (40%), whether or not the fuel cell system is part of a combined heat and power energy system.

(C) Zero-emission renewable energy projects, including wind, photovoltaic, solar, and hydropower projects. Eligible hydropower projects are restricted to systems employing a head of ten (10) feet or less or systems employing a head greater than ten (10) feet that make use of a dam that existed before September 16, 2001.

(D) Energy efficiency projects generating electricity through the capture of methane gas from municipal solid waste landfills, water treatment plants, sewage treatment plants, or anaerobic digestion systems operating on animal or plant wastes.

(E) The installation of highly efficient electricity generation equipment for the sale of power where such equipment replaces or displaces retired electrical generating units. In order to be considered as highly efficient under this clause, generation equipment must meet or exceed the following energy efficiency thresholds:

(i) For coal-fired electrical generation units, rated energy efficiency of forty-two percent (42%).

(ii) For natural gas-fired electrical generating units, rated energy efficiency of fifty percent (50%).

(F) Improvements to existing fossil fuel-fired electrical generation units that increase the efficiency of the unit and decrease the heat rate used to generate electricity, including gas reburning projects that reduce NO_x emissions.

(G) The installation of integrated gasification combined cycle equipment producing electricity for sale.

(H) Renewable energy projects that displace some portion of the combustion of coal, natural gas, or oil through the use of solar energy or methane from landfills, water treatment plants, sewage treatment plants, or anaerobic digestion systems on animal or plant wastes and reduce NO_x emissions.

Energy efficiency or renewable energy projects do not include nuclear power projects. This definition is solely for the purposes of implementing this rule and does not apply in other contexts.

(41) "Excess emissions" means any ton of nitrogen oxides emitted by the CAIR NO_x ozone season units at a CAIR NO_x ozone season source during a control period that exceeds the CAIR NO_x ozone season emissions limitation for the source.

(42) "FESOP" means a federally enforceable state operating permit issued under 326 IAC 2-8.

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

(44) "Fossil-fuel-fired" means, with regard to a unit, the following:

(A) Except as provided in clause (B), combusting any amount of fossil fuel in any calendar year.

(B) Solely for the purposes of applying the term "large affected unit", the combustion of fossil fuel, alone or in combination with any other fuel, under any of the following scenarios:

(i) Fossil fuel actually combusted comprises more than fifty percent (50%) of the annual heat input on a British thermal unit (Btu) basis during any year starting in 1995. If a unit had no heat input starting in 1995, during the last year of operation of the unit prior to 1995.

(ii) Fossil fuel is projected to comprise more than fifty percent (50%) 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 the year, that the unit begins combusting fossil fuel.

(45) "Fuel oil" means any petroleum-based fuel, including diesel fuel or petroleum derivatives such as oil tar, and any recycled or blended petroleum products or petroleum byproducts used as a fuel whether in a liquid, solid, or gaseous state.

(46) "General account" means a CAIR NO_x ozone season allowance tracking system account, established under section 9 of this rule, that is not a compliance account.

(47) "Generator" means a device that produces electricity.

(48) "Gross electrical output" means, with regard to a cogeneration unit, electricity made available for use, including any such electricity used in the power production process. This process may include, but is not limited to, any on-site processing or treatment of fuel combusted at the unit and any on-site emission controls.

(49) "Heat input" means, with regard to a specified period of time, the product, in million British thermal units per unit of time (MMBtu/time) of the gross calorific value of the fuel, in British thermal units per pound (Btu/lb), divided by one million (1,000,000) British thermal units per million British thermal units (Btu/MMBtu) and multiplied by the fuel feed rate into a combustion device, in pounds of fuel per unit of time (lb of fuel/time), as measured, recorded, and reported to the U.S. EPA by the CAIR designated representative and determined by the U.S. EPA in accordance with section 11 of this rule and excluding the heat derived from preheated combustion air, recirculated flue gases, or exhaust from other sources.

(50) "Heat input rate" means the amount of heat input, in million British thermal units (MMBtu), divided by unit operating time, in hours, or, with regard to a specific fuel, the amount of heat input attributed to the fuel, in million British thermal units (MMBtu), divided by the unit operating time, in hours, during which the unit combusts the fuel.

(51) "Large affected unit" means the following:

(A) For units other than cogeneration units commencing operation, the following:

(i) Before January 1, 1997, a unit that has a maximum design heat input greater than two hundred fifty million (250,000,000) Btus per hour and that did not serve during 1995 or 1996 a generator producing electricity for sale under a firm contract to the electric grid.

(ii) On or after January 1, 1997, and before January 1, 1999, a unit that has a maximum design heat input greater than two hundred fifty million (250,000,000) Btus per hour and that did not serve during 1997 or 1998 a generator producing electricity for sale under a firm contract to the electric grid.

(iii) On or after January 1, 1999, a unit with a maximum design heat input greater than two hundred fifty million (250,000,000) Btus per hour that:

(AA) at no time serves a generator producing electricity for sale; or

(BB) at any time serves a generator producing electricity for sale, if any such generator has a nameplate capacity of twenty-five (25) megawatt electrical or less and has the potential to use no more than fifty percent (50%) of the potential electrical output capacity of the unit.

(B) For cogeneration units commencing operation, the following:

(i) Before January 1, 1997, a unit with a maximum design heat input greater than two hundred fifty million (250,000,000) Btus per hour and qualifying as an unaffected unit under the acid rain program for 1995 and 1996.

(ii) In 1997 or 1998, a unit with a maximum design heat input greater than two hundred fifty million (250,000,000) Btus per hour and qualifying as an unaffected unit under the acid rain program for 1997 and 1998.

(iii) On or after January 1, 1999, a unit with a maximum design heat input greater than two hundred fifty

million (250,000,000) Btus per hour and qualifying as an unaffected unit under the acid rain program for each year.

(C) For units other than cogeneration units that are not already subject to this rule under section 1(a)(1) or 1(a)(3) of this rule commencing operation:

(i) before January 1, 1997, a unit serving a generator during 1995 or 1996 that had a nameplate capacity greater than twenty-five (25) megawatts and produced electricity for sale under a firm contract to the electric grid;

(ii) on or after January 1, 1997, and before January 1, 1999, a unit serving a generator during 1997 or 1998 that had a nameplate capacity greater than twenty-five (25) megawatts and produced electricity for sale under a firm contract to the electric grid; or

(iii) on or after January 1, 1999, a unit serving a generator at any time that has a nameplate capacity greater than twenty-five (25) megawatts and produced electricity for sale under a firm contract to the electric grid.

(D) For cogeneration units that are not already subject to this rule under section 1(a)(1) or 1(a)(3) of this rule commencing operation:

(i) before January 1, 1997, a unit serving a generator during 1995 or 1996 that had a nameplate capacity greater than twenty-five (25) megawatts and failing to qualify as an unaffected unit for 1995 or 1996 under the acid rain program;

(ii) in 1997 or 1998, a unit serving a generator during 1997 or 1998 with a nameplate capacity greater than twenty-five (25) megawatts and failing to qualify as an unaffected unit for 1997 or 1998 under the acid rain program; or

(iii) on or after January 1, 1999, a unit serving at any time a generator with a nameplate capacity greater than twenty-five (25) megawatts and failing to qualify as an unaffected unit under the acid rain program for any year.

The term does not include a unit subject to 326 IAC 10-3.

(52) "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 generated by any specified unit and pays its proportional amount of such unit's total costs, pursuant to a contract:

(A) for the life of the unit;

(B) for a cumulative term of no less than thirty (30) years, including contracts that permit an election for early termination; or

(C) for a period no less than twenty-five (25) years or seventy percent (70%) 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.

(53) "Maximum design heat input" means the maximum amount of fuel per hour, in British thermal units per hour (Btu/hr), that a unit is capable of combusting on a steady state basis as of the initial installation of the unit as specified by the manufacturer of the unit.

(54) "Mercury budget trading program" means a multistate mercury air pollution control and emission reduction program approved and administered by the U.S. EPA in accordance with 40 CFR 60, Subpart HHHH* and 40 CFR 60.24(h)(6)*, or established by the U.S. EPA under the Clean Air Act, Section 111, as a means of reducing national mercury emissions.

(55) "Monitoring system" means any monitoring system that meets the requirements of section 11 of this rule, including a continuous emissions monitoring system, an alternative monitoring system, or an excepted monitoring system under 40 CFR 75*.

(56) "Most stringent state or federal NO_x emissions limitation" means, with regard to a unit, the lowest NO_x emissions limitation, in terms of pounds per million British thermal units (lb/MMBtu), that is applicable to the unit under state or federal law, regardless of the averaging period to which the emissions limitation applies.

(57) "Nameplate capacity" means, starting from the initial installation of a generator, the maximum electrical generating output, in megawatt electrical (MWe), that the generator is capable of producing on a steady state basis and during continuous operation (when not restricted by seasonal or other deratings) as of such installation as specified by the manufacturer of the generator or, starting from the completion of any subsequent physical change in the generator resulting in an increase in the maximum electrical generating output, in megawatt electrical (MWe), that the generator is capable of

producing on a steady state basis and during continuous operation (when not restricted by seasonal or other deratings) such increased maximum amount as of such completion as specified by the person conducting the physical change.

(58) "Oil-fired" means, for the purposes of section 8 of this rule, combusting fuel oil for more than fifteen percent (15%) of the annual heat input in a specified year and not qualifying as coal-fired.

(59) "Operator" means any person who operates, controls, or supervises a CAIR NO_x ozone season unit or a CAIR NO_x ozone season source and shall include, but not be limited to, any holding company, utility system, or plant manager of such a unit or source.

(60) "Owner" means any of the following persons:

(A) With regard to a CAIR NO_x ozone season source or a CAIR NO_x ozone season unit at a source, respectively, any of the following:

(i) Holder of any portion of the legal or equitable title in a CAIR NO_x ozone season unit at the source or the CAIR NO_x ozone season unit.

(ii) Holder of a leasehold interest in a CAIR NO_x ozone season unit at the source or the CAIR NO_x ozone season unit.

(iii) Purchaser of power from a CAIR NO_x ozone season unit at the source or the CAIR NO_x ozone season unit under a life-of-the-unit, firm power contractual arrangement; provided that, 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, on the revenues or income from such CAIR NO_x ozone season unit.

(B) With regard to any general account, any person who has an ownership interest with respect to the CAIR NO_x ozone season allowances held in the general account and who is subject to the binding agreement for the CAIR authorized account representative to represent the person's ownership interest with respect to CAIR NO_x ozone season allowances.

(61) "Permitting authority" means the state air pollution control agency, local agency, other state agency, or other agency authorized by the U.S. EPA to issue or revise permits to meet the requirements of the CAIR NO_x annual trading program or, if no such agency has been so authorized, the U.S. EPA.

(62) "Potential electrical output capacity" means thirty-three percent (33%) of a unit's maximum design heat input, divided by three thousand four hundred thirteen (3,413) Btu/kilowatt hour, divided by one thousand (1,000) kilowatt hour/megawatt hour, and multiplied by eight thousand seven hundred sixty (8,760) hours/year.

(63) "Rated energy efficiency" means the percentage of gross energy input that is recovered as useable net energy output in the form of electricity or thermal energy, or both, that is used for heating, cooling, industrial processes, or other beneficial uses as follows:

(A) For electric generators, rated energy efficiency is calculated as one (1) net kilowatt hour (three thousand four hundred twelve (3,412) British thermal units) of electricity divided by the unit's design heat rate using the higher heating value of the fuel.

(B) For combined heat and power projects, rated energy efficiency is calculated using the following formula:

$$Eff\% = (NEO + UTO)/GEI$$

Where:

Eff% = Rated energy efficiency.

NEO = Net electrical output of the system converted to British thermal units per unit of time.

UTO = Utilized thermal output or the energy value in British thermal units of thermal energy from the system that is used for heating, cooling, industrial processes, or other beneficial uses, per unit of time.

GEI = Gross energy input, based upon the higher heating value of fuel, per unit of time.

(64) "Receive" or "receipt of" means, when referring to the department or U.S. EPA, to come into possession of a document, information, or correspondence, whether sent in hard copy or by authorized electronic transmission, as indicated in an official log, or by a notation made on the document, information, or correspondence, by the department or U.S. EPA in the regular course of business.

(65) "Recordation", "record", or "recorded" means, with regard to CAIR NO_x ozone season allowances, the movement of CAIR NO_x ozone season allowances by the U.S. EPA into or between CAIR NO_x ozone season allowance tracking system accounts, for purposes of allocation, transfer, or deduction.

(66) "Reference method" means any direct test method of sampling and analyzing for an air pollutant as specified in 40 CFR 75.22*.

(67) "Replacement", "replace", or "replaced" means, with regard to a unit, the demolishing of a unit, or the permanent shutdown and permanent disabling of a unit, and the construction of another unit (the replacement unit) to be used instead of the demolished or shutdown unit (the replaced unit).

(68) "Repowered" means, with regard to a unit, replacement of a coal-fired boiler with one (1) of the following coal-fired technologies at the same source as the coal-fired boiler:

(A) Atmospheric or pressurized fluidized bed combustion.

(B) Integrated gasification combined cycle.

(C) Magnetohydrodynamics.

(D) Direct and indirect coal-fired turbines.

(E) Integrated gasification fuel cells.

(F) As determined by the U.S. EPA in consultation with the Secretary of Energy, a derivative of one (1) or more of the technologies under clauses (A) through (E) and any other coal-fired technology capable of controlling multiple combustion emissions simultaneously with improved boiler or generation efficiency and with significantly greater waste reduction relative to the performance of technology in widespread commercial use as of January 1, 2005.

(69) "Sequential use of energy" means:

(A) for a topping-cycle cogeneration unit, the use of reject heat from electricity production in a useful thermal energy application or process; or

(B) for a bottoming-cycle cogeneration unit, the use of reject heat from useful thermal energy application or process in electricity production.

(70) "Serial number" means, for a CAIR NO_x ozone season allowance, the unique identification number assigned to each CAIR NO_x ozone season allowance by the U.S. EPA.

(71) "Solid waste incineration unit" means a stationary, fossil-fuel-fired boiler or stationary, fossil-fuel-fired combustion turbine that is a solid waste incineration units as defined in the Clean Air Act, Section 129(g)(1).

(72) "Source" means all buildings, structures, or installations located in one (1) or more contiguous or adjacent properties under common control of the same person or persons. For purposes of Section 502(c) of the Clean Air Act, a source, including a source with multiple units, shall be considered a single facility.

(73) "Submit" or "serve" means to send or transmit a document, information, or correspondence to the person specified in accordance with the applicable rule:

(A) in person;

(B) by United States Postal Service; or

(C) by other means of dispatch or transmission and delivery.

Compliance with any submission or service deadline shall be determined by the date of dispatch, transmission, or mailing and not the date of receipt by the department or U.S. EPA.

(74) "Title V operating permit" or "Part 70 operating permit" means a permit issued under 326 IAC 2-7.

(75) "Title V operating permit regulations" or "Part 70 operating permit regulations" means the rules under 326 IAC 2-7.

(76) "Ton" means two thousand (2,000) pounds. For the purpose of determining compliance with the CAIR NO_x ozone season emissions limitation, total tons of nitrogen oxides emissions for a control period shall be calculated as the sum of all recorded hourly emissions, or the mass equivalent of the recorded hourly emission rates, in accordance with section 11 of this rule, but with any remaining fraction of a ton equal to or greater than fifty-hundredths (0.50) tons deemed to equal one (1) ton and any remaining fraction of a ton less than fifty-hundredths (0.50) tons deemed to equal zero (0) tons.

(77) "Topping-cycle cogeneration unit" means a cogeneration unit in which the energy input to the unit is first used to produce useful power, including electricity, and at least some of the reject heat from the electricity production is then used to provide useful thermal energy.

(78) "Total energy input" means, with regard to a cogeneration unit, total energy of all forms supplied to the cogeneration unit, excluding energy produced by the cogeneration unit itself. Each form of energy supplied shall be measured by the lower heating value of that form of energy calculated as follows:

$$LHV = HHV - 10.55(W + 9H)$$

Where: LHV = Lower heating value of fuel in Btu/hr.
HHV = Higher heating value of fuel in Btu/hr.
W = Weight % of moisture in fuel.
H = Weight % of hydrogen in fuel.

(79) "Total energy output" means, with regard to a cogeneration unit, the sum of useful power and useful thermal energy produced by the cogeneration unit.

(80) "Unit" means:

(A) except as provided in clause (B), a stationary, fossil-fuel-fired boiler or combustion turbine or other stationary, fossil-fuel-fired combustion device; and

(B) solely for the purposes of applying the term "large affected unit", a fossil-fuel-fired:

(i) stationary boiler;

(ii) combustion turbine; or

(iii) combined cycle system.

(81) "Unit operating day" means a calendar day in which a unit combusts any fuel.

(82) "Unit operating hour" or "hour of unit operation" means an hour in which a unit combusts any fuel.

(83) "Useful power" means, with regard to a cogeneration unit, electricity or mechanical energy made available for use, excluding any such energy used in the power production process, which process includes, but is not limited to, any on-site processing or treatment of fuel combusted at the unit and any on-site emission controls.

(84) "Useful thermal energy" means, with regard to a cogeneration unit, thermal energy that is:

(A) made available to an industrial or commercial process, not a power production process, excluding any heat contained in condensate return or makeup water;

(B) used in a heating application (for example, space heating or domestic hot water heating); or

(C) used in a space cooling application (that is, thermal energy used by an absorption chiller).

(85) "Utility power distribution system" means the portion of an electricity grid owned or operated by a utility and dedicated to delivering electricity to customers.

*These documents are incorporated by reference. Copies may be obtained from the Government Printing Office, 732 North Capitol Street NW, Washington, D.C. 20401 or are available for review and copying at the Indiana Department of Environmental Management, Office of Air Quality, Indiana Government Center-North, Tenth Floor, 100 North Senate Avenue, Indianapolis, Indiana 46204. *(Air Pollution Control Division; 326 IAC 24-3-2; filed Jan 26, 2007, 10:25 a.m.: 20070221-IR-326050117FRA; errata filed Jan 29, 2007, 2:43 p.m.: 20070221-IR-326050117ACA; filed May 12, 2009, 11:16 a.m.: 20090610-IR-326080005FRA)*

326 IAC 24-3-3 Retired unit exemption (Repealed)

Sec. 3. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-4 Standard requirements

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 4. The owners and operators, and the CAIR designated representative, of each CAIR NO_x ozone season source and CAIR NO_x ozone season unit at the source shall comply with the monitoring, reporting, and record keeping requirements of section 11 of this rule. *(Air Pollution Control Division; 326 IAC 24-3-4; filed Jan 26, 2007, 10:25 a.m.: 20070221-IR-326050117FRA; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-5 Computation of time and appeal procedures (Repealed)

Sec. 5. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-6 CAIR designated representative for CAIR NO_x ozone season sources (Repealed)

Sec. 6. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-7 Permit requirements (Repealed)

Sec. 7. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-8 CAIR NO_x ozone season allowance allocations (Repealed)

Sec. 8. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-9 CAIR NO_x ozone season allowance tracking system (Repealed)

Sec. 9. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-10 CAIR NO_x ozone season allowance transfers (Repealed)

Sec. 10. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-11 Monitoring and reporting requirements

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 11. (a) The owners and operators, and to the extent applicable, the CAIR designated representative, of a CAIR NO_x ozone season unit, shall comply with the monitoring, record keeping, and reporting requirements as provided in this rule and in 40 CFR 75, Subpart H*. For purposes of complying with such requirements, the definitions in section 2 of this rule and 40 CFR 72.2* shall apply, and the terms affected unit, designated representative, and continuous emission monitoring system (CEMS) in 40 CFR 75* shall be replaced by the terms CAIR NO_x ozone season unit, CAIR designated representative, and continuous emission monitoring system (CEMS) respectively, as defined in section 2 of this rule. The owner or operator of a unit that is not a CAIR NO_x ozone season unit but that is monitored under 40 CFR 75.72(b)(2)(ii)* shall comply with the same monitoring, record keeping, and reporting requirements as a CAIR NO_x ozone season unit.

(b) The owner or operator of each CAIR NO_x ozone season unit shall do the following:

(1) Install all monitoring systems required under this section for monitoring NO_x ozone season mass emissions and individual unit heat input. This includes all systems required to monitor NO_x ozone season emission rate, NO_x ozone season concentration, stack gas moisture content, stack gas flow rate, CO_2 or O_2 concentration, and fuel flow rate, as applicable, in accordance with 40 CFR 75.71* and 40 CFR 75.72*.

(2) Successfully complete all certification tests required under subsections (f) through (j) and meet all other requirements of this section and 40 CFR 75* applicable to the monitoring systems under subdivision (1).

(3) Record, report, and quality-assure the data from the monitoring systems under subdivision (1).

(c) Except as provided in subsection (p), the owner or operator shall meet the monitoring system certification and other requirements of subsection (b)(1) and (b)(2) on or before the following dates. The owner or operator shall record, report, and quality-assure the data from the monitoring systems under subsection (b)(1) on and after the following dates:

(1) For the owner or operator of a CAIR NO_x ozone season unit that commences commercial operation before July 1, 2007, by May 1, 2008.

(2) For the owner or operator of a CAIR NO_x ozone season unit that commences commercial operation on or after July 1, 2007, and that reports on an annual basis under subsection (n)(3), by the later of the following dates:

(A) May 1, 2008.

(B) The earlier of:

(i) one hundred eighty (180) calendar days after the date on which the unit commences commercial operation; or

(ii) ninety (90) unit operating days after the date on which the unit commences commercial operation.

(3) For the owner or operator of a CAIR NO_x ozone season unit that commences commercial operation on or after July 1, 2007, and that reports on a control period basis under subsection (n)(3)(B)(ii), by the later of the following dates:

(A) If the compliance date under clause (B) is not during a control period, May 1 immediately following the compliance date under clause (B).

(B) The earlier of:

(i) one hundred eighty (180) calendar days after the date on which the unit commences commercial operation; or

(ii) ninety (90) unit operating days after the date on which the unit commences commercial operation.

(4) For the owner or operator of a CAIR NO_x ozone season unit for which construction of a new stack or flue or installation of add-on NO_x emission controls is completed after the applicable deadline under subdivisions (1), (2), (6), or (7) and that reports on an annual basis under subsection (n)(3), compliance by the earlier of:

(A) one hundred eighty (180) calendar days after the date on which emissions first exit to the atmosphere through the new stack or flue or add-on NO_x emissions controls; or

(B) ninety (90) unit operating days after the date on which emissions first exit to the atmosphere through the new stack or flue or add-on NO_x emissions controls.

(5) For the owner or operator of a CAIR NO_x ozone season unit for which construction of a new stack or flue or installation of add-on NO_x emission controls is completed after the applicable deadline under subdivision (1), (3), (6), or (7) and that reports on control period basis under subsection (n)(3)(B)(ii), by the later of the following dates:

(A) If the compliance date under clause (B) is not during a control period, May 1 immediately following the compliance date under clause (B).

(B) The earlier of:

(i) one hundred eighty (180) calendar days after the date on which emissions first exit to the atmosphere through the new stack or flue or add-on NO_x emissions controls; or

(ii) ninety (90) unit operating days after the date on which emissions first exit to the atmosphere through the new stack or flue or add-on NO_x emissions controls.

(6) Notwithstanding the dates in subdivisions (1) through (3), for the owner or operator of a unit for which a CAIR NO_x ozone season opt-in permit application is submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under section 12 of this rule, by the date specified in section 12(f)(2) through 12(f)(4) of this rule.

(7) Notwithstanding the dates in subdivisions (1), (2), and (3), for the owner or operator of a CAIR NO_x ozone season opt-in unit, by the date on which the CAIR NO_x ozone season opt-in unit under section 12 of this rule enters the CAIR NO_x ozone season trading program as provided in section 12(f)(9) of this rule.

(d) The owner or operator of a CAIR NO_x ozone season unit that does not meet the applicable compliance date set forth in subsection (c) for any monitoring system under subsection (b)(1) shall, for each such monitoring system, determine, record, and report maximum potential or, as appropriate, minimum potential, values for NO_x concentration, NO_x emission rate, stack gas flow rate, stack gas moisture content, fuel flow rate, and any other parameters required to determine NO_x mass emissions and heat input in accordance with 40 CFR 75.31(b)(2) or 40 CFR 75.31(c)(3)*, 40 CFR 75, Appendix D, Section 2.4*, or 40 CFR 75, Appendix E, Section 2.5*, as applicable.

(e) The following shall apply to any monitoring system, alternative monitoring system, alternative reference method, or any other alternative for a CEMS required under this rule:

(1) No owner or operator of a CAIR NO_x ozone season unit shall use any alternative monitoring system, alternative reference method, or any other alternative to any requirement of this section without having obtained prior written approval in accordance with subsection (o).

(2) No owner or operator of a CAIR NO_x ozone season unit shall operate the unit so as to discharge, or allow to be discharged, NO_x ozone season emissions to the atmosphere without accounting for all such emissions in accordance with the applicable provisions of this section and 40 CFR 75*.

(3) No owner or operator of a CAIR NO_x ozone season 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 ozone season mass emissions discharged into the atmosphere or heat input, except for periods of recertification or periods when

calibration, quality assurance testing, or maintenance is performed in accordance with the applicable provisions of this section and 40 CFR 75*.

(4) No owner or operator of a CAIR NO_x ozone season unit shall retire or permanently discontinue use of the continuous emission monitoring system, any component thereof, or any other approved monitoring system under this section, except under any one (1) of the following circumstances:

(A) During the period that the unit is covered by an exemption under section 3 of this rule.

(B) The owner or operator is monitoring emissions from the unit with another certified monitoring system approved, in accordance with the applicable provisions of this section and 40 CFR 75*, by the department for use at that unit that provides emission data for the same pollutant or parameter as the retired or discontinued monitoring system.

(C) The CAIR designated representative submits notification of the date of certification testing of a replacement monitoring system for the retired or discontinued monitoring system in accordance with subsection (h)(3)(A).

(f) The owner or operator of a CAIR NO_x ozone season unit shall be exempt from the initial certification requirements of this subsection and subsections (g) through (j) for a monitoring system under subsection (b)(1) if the following conditions are met:

(1) The monitoring system has been previously certified in accordance with 40 CFR 75*.

(2) The applicable quality-assurance and quality-control requirements of 40 CFR 75.21*, 40 CFR 75, Appendix B*, 40 CFR 75, Appendix D*, and 40 CFR 75, Appendix E* are fully met for the certified monitoring system described in subdivision (1).

The recertification provisions of this subsection and subsections (g) through (j) shall apply to a monitoring system under subsection (b)(1) exempt from initial certification requirements under this subsection.

(g) If the U.S. EPA has previously approved a petition under 40 CFR 75.17(a)* or 40 CFR 75.17(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 75.12* or 40 CFR 75.17*, the CAIR designated representative shall resubmit the petition to the U.S. EPA under subsection (o)(1) to determine whether the approval applies under the CAIR NO_x ozone season trading program.

(h) Except as provided in subsection (f), the owner or operator of a CAIR NO_x ozone season unit shall comply with the following initial certification and recertification procedures for a continuous monitoring system (that is, a continuous emission monitoring system and an excepted monitoring system under 40 CFR 75, Appendix D* and 40 CFR 75, Appendix E*) under subsection (b)(1). The owner or operator of a unit that qualifies to use the low mass emissions accepted monitoring methodology under 40 CFR 75.19* or that qualifies to use an alternative monitoring system under 40 CFR 75, Subpart E* shall comply with the procedures in subsection (i) or (j) respectively:

(1) The owner or operator shall ensure that each continuous monitoring system under subsection (b)(1), including 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 (c). In addition, whenever the owner or operator installs a monitoring system to meet the requirements of this section in a location where no such monitoring system was previously installed, initial certification in accordance with 40 CFR 75.20* is required.

(2) Whenever the owner or operator makes a replacement, modification, or change in any certified continuous emission monitoring system under subsection (b)(1) 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 quality-assurance and quality-control requirements of 40 CFR 75.21* or 40 CFR 75, Appendix B*, 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 each continuous emission monitoring system whose accuracy is potentially affected by the change, in accordance with 40 CFR 75.20(b)*. Examples of changes to a continuous emission monitoring system 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. Any fuel flowmeter system, and any excepted NO_x monitoring system under 40 CFR 75, Appendix E*, under subsection (b)(1) are subject to the recertification requirements in 40 CFR 75.20(g)(6)*.

(3) Clauses (A) through (D) apply to both initial certification and recertification of a continuous monitoring system under subsection (b)(1). For recertifications, replace the words certification and initial certification with the word recertification, replace the word certified with the word recertified, and follow the procedures in 40 CFR 75.20(b)(5)* and 40 CFR

75.20(g)(7)* in lieu of the procedures in clause (E). Requirements for the certification approval process for initial certification and recertification, and loss of certification are as follows:

(A) The CAIR designated representative shall submit to the department, the appropriate EPA Regional Office, and the U.S. EPA written notice of the dates of certification testing, in accordance with subsection (m).

(B) The CAIR designated representative shall submit to the department a certification application for each monitoring system. A complete certification application shall include the information specified in 40 CFR 75.63*.

(C) The provisional certification date for a monitoring system shall be determined in accordance with 40 CFR 75.20(a)(3)*. A provisionally certified monitoring system may be used under the CAIR NO_x ozone season trading program for a period not to exceed one hundred twenty (120) days after receipt by the department of the complete certification application for the monitoring system under clause (B). Data measured and recorded by the provisionally certified monitoring system, in accordance with the requirements of 40 CFR 75*, shall be considered valid quality-assured data, retroactive to the date and time of provisional certification, provided that the department does not invalidate the provisional certification by issuing a notice of disapproval within one hundred twenty (120) days of the date of receipt of the complete certification application by the department.

(D) The department shall issue a written notice of approval or disapproval of the certification application to the owner or operator within one hundred twenty (120) days of receipt of the complete certification application under clause (B). In the event the department does not issue such a notice within such one hundred twenty (120) day period, each monitoring system that meets the applicable performance requirements of 40 CFR 75* and is included in the certification application shall be deemed certified for use under the CAIR NO_x ozone season trading program. The issuance of notices shall be as follows:

(i) If the certification application is complete and shows that each monitoring system meets the applicable performance requirements of 40 CFR 75*, then the department shall issue a written notice of approval of the certification application within one hundred twenty (120) days of receipt.

(ii) If the certification application is not complete, then the department shall issue a written notice of incompleteness that sets a reasonable date by which the CAIR designated representative must submit the additional information required to complete the certification application. If the CAIR designated representative does not comply with the notice of incompleteness by the specified date, then the department may issue a notice of disapproval under item (iii). The one hundred twenty (120) day review period shall not begin before receipt of a complete certification application.

(iii) If the certification application shows that any monitoring system does not meet the performance requirements of 40 CFR 75* or if the certification application is incomplete and the requirement for disapproval under item (ii) is met, then the department shall issue a written notice of disapproval of the certification application. Upon issuance of such notice of disapproval, the provisional certification is invalidated by the department and the data measured and recorded by each uncertified monitoring system 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 clause (E) for each monitoring system that is disapproved for initial certification.

(iv) The department or, for a CAIR NO_x ozone season opt-in unit or a unit for which a CAIR opt-in permit application is submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under section 12 of this rule, the U.S. EPA may issue a notice of disapproval of the certification status of a monitor in accordance with subsection (l).

(E) If the department or the U.S. EPA issues a notice of disapproval of a certification application under clause (D)(iii) or a notice of disapproval of certification status under clause (D)(iv), then the following shall apply:

(i) The owner or operator shall substitute the following values, for each disapproved monitoring system, 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(g)(7)*, or 40 CFR 75.21(e)* and continuing until the applicable date and hour specified under 40 CFR 75.20(a)(5)(i)* or 40 CFR 75.20(g)(7)*:

(AA) For a disapproved NO_x emission rate, NO_x-diluent, system, the maximum potential NO_x emission rate, as defined in 40 CFR 72.2*.

(BB) For a disapproved NO_x pollutant concentration monitor and disapproved flow monitor, respectively, the maximum potential concentration of NO_x and the maximum potential flow rate, as defined in 40 CFR 75, Appendix A, Sections 2.1.2.1 and 2.1.4.1*.

(CC) For a disapproved moisture monitoring system and disapproved diluent gas monitoring system, respectively, the minimum potential moisture percentage and either the maximum potential CO_2 concentration or the minimum potential O_2 concentration, as applicable, as defined in 40 CFR 75, Appendix A, Sections 2.1.5, 2.1.3.1, and 2.1.3.2*.

(DD) For a disapproved fuel flowmeter system, the maximum potential fuel flow rate, as defined in 40 CFR 75, Appendix D, Section 2.4.2.1*.

(EE) For a disapproved excepted NO_x ozone season monitoring system under 40 CFR 75, Appendix E, the fuel-specific maximum potential NO_x ozone season emission rate, as defined in 40 CFR 72.2*.

(ii) The CAIR designated representative shall submit a notification of certification retest dates and a new certification application in accordance with clauses (A) and (B).

(iii) The owner or operator shall repeat all certification tests or other requirements that were failed by the monitoring system, as indicated in the department's or the U.S. EPA's notice of disapproval, not later than thirty (30) unit operating days after the date of issuance of the notice of disapproval.

(i) The owner or operator of a unit qualified to use the low mass emissions (LME) excepted methodology under 40 CFR 75.19* shall meet the applicable certification and recertification requirements in 40 CFR 75.19(a)(2)* and 40 CFR 75.20(h)*. If the owner or operator of such a unit elects to certify a fuel flowmeter system for heat input determination, the owner or operator shall also meet the certification and recertification requirements in 40 CFR 75.20(g)*.

(j) The CAIR designated representative of each unit for which the owner or operator intends to use an alternative monitoring system approved by the U.S. EPA and, if applicable, the department under 40 CFR 75, Subpart E* shall comply with the applicable notification and application procedures of 40 CFR 75.20(f)*.

(k) Whenever any monitoring system fails to meet the quality-assurance and quality-control requirements or data validation requirements of 40 CFR 75*, data shall be substituted using the applicable missing data procedures in 40 CFR, Subpart D*, 40 CFR 75, Subpart H*, 40 CFR 75, Appendix D*, or 40 CFR 75, Appendix E*.

(l) Whenever both an audit of a monitoring system and a review of the initial certification or recertification application reveal that any monitoring system should not have been certified or recertified because it did not meet a particular performance specification or other requirement under subsections (f) through (j) or the applicable provisions of 40 CFR 75*, both at the time of the initial certification or recertification application submission and at the time of the audit, the department or, for a CAIR NO_x ozone season opt-in unit or a unit for which a CAIR opt-in permit application is submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under section 12 of this rule, the U.S. EPA will issue a notice of disapproval of the certification status of such monitoring system. For the purposes of this subsection and subsection (k), an audit shall be either a field audit or an audit of any information submitted to the department or the U.S. EPA. By issuing the notice of disapproval, the department or the U.S. EPA revokes prospectively the certification status of the monitoring system. The data measured and recorded by the monitoring system 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 monitoring system. The owner or operator shall follow the applicable initial certification or recertification procedures in subsections (f) through (j) for each disapproved monitoring system.

(m) The CAIR designated representative for a CAIR NO_x ozone season unit shall submit written notice to the department and the U.S. EPA in accordance with 40 CFR 75.61*.

(n) The CAIR designated representative shall comply with all record keeping and reporting requirements in this subsection, the applicable record keeping and reporting requirements under 40 CFR 75.73*, and the requirements of section 6(e)(1) of this rule as follows:

(1) The owner or operator of a CAIR NO_x ozone season unit shall comply with requirements of 40 CFR 75.73(c)* and 40 CFR 75.73(e)* and, for a unit for which a CAIR opt-in permit application is submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under section 12 of this rule.

(2) The CAIR designated representative shall submit an application to the department within forty (45) days after completing all initial certification or recertification tests required under subsections (f) through (j), including the information required

under 40 CFR 75.63*.

(3) The CAIR designated representative shall submit quarterly reports as follows:

(A) If the CAIR NO_x ozone season unit is subject to an acid rain emissions limitation or a CAIR NO_x emissions limitation or if the owner or operator of such unit chooses to report on an annual basis under this section, the CAIR designated representative shall meet the requirements of 40 CFR 75, Subpart H*, concerning monitoring of NO_x mass emissions, for such unit for the entire year and shall report the NO_x mass emissions data and heat input data for such unit, in a format prescribed by the U.S. EPA, for each calendar quarter beginning with:

(i) for a unit that commences commercial operation before July 1, 2007, the calendar quarter covering May 1, 2008, through June 30, 2008;

(ii) for a unit that commences commercial operation on or after July 1, 2007, the calendar quarter corresponding to the earlier of the date of provisional certification or the applicable deadline for initial certification under subsection (c), unless that quarter is the third or fourth quarter of 2007, in which case reporting shall commence in the quarter covering May 1, 2008, through June 30, 2008;

(iii) notwithstanding items (i) and (ii), for a unit for which a CAIR opt-in permit application is submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under section 12 of this rule, the calendar quarter corresponding to the date specified in section 12(f)(2), 12(f)(3), and 12(f)(4) of this rule; and

(iv) notwithstanding items (i) and (ii), for a CAIR NO_x opt-in unit under section 12 of this rule, the calendar quarter corresponding to the date on which the CAIR NO_x opt-in unit enters the CAIR NO_x annual trading program as provided in section 12(f)(9) of this rule.

(B) If the CAIR NO_x ozone season unit is not subject to an acid rain emissions limitation or a CAIR NO_x emissions limitation, then the CAIR designated representative shall meet either of the following:

(i) Meet the requirements of 40 CFR 75, Subpart H*, concerning monitoring of NO_x mass emissions, for such unit for the entire year and report the NO_x mass emissions data and heat input data for such unit in accordance with clause (A).

(ii) Meet the requirements of 40 CFR 75, Subpart H* for the control period, including the requirements in 40 CFR 75.74(c)*, and report NO_x mass emissions data and heat input data, including the data described in 40 CFR 75.74(c)(6)*, for such unit only for the control period of each year and report, in an electronic quarterly report in a format prescribed by the U.S. EPA, for each calendar quarter beginning with:

(AA) for a unit that commences commercial operation before July 1, 2007, the calendar quarter covering May 1, 2008 through June 30, 2008;

(BB) for a unit that commences commercial operation on or after July 1, 2007, the calendar quarter corresponding to the earlier of the date of provisional certification or the applicable deadline for initial certification under subsection (c), unless that date is not during a control period, in which case reporting shall commence in the quarter that includes May 1 through June 30 of the first control period after such date;

(CC) notwithstanding subitems (AA) and (BB), for a unit for which a CAIR opt-in permit application submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under section 12 of this rule, the calendar quarter corresponding to the date specified in section 12(f)(2), 12 (f)(3), and 12(f)(4) of this rule; and

(DD) notwithstanding items (i) and (ii), for a CAIR NO_x opt-in unit under section 12 of this rule, the calendar quarter corresponding to the date on which the CAIR NO_x opt-in unit enters the CAIR NO_x annual trading program as provided in section 12(f)(9) of this rule.

(C) The CAIR designated representative shall submit each quarterly report to the U.S. EPA within thirty (30) days following the end of the calendar quarter covered by the report. Quarterly reports shall be submitted in the manner specified in 40 CFR 75.73(f)*.

(D) For CAIR NO_x ozone season units that are also subject to an acid rain emissions limitation or the CAIR NO_x ozone season trading program, CAIR SO_2 trading program, or mercury budget trading program, quarterly reports shall include the applicable data and information required by 40 CFR 75, Subparts F through I* as applicable, in addition to the NO_x mass emission data, heat input data, and other information required by this subpart.

(4) The CAIR designated representative shall submit to the U.S. EPA a compliance certification, in a format prescribed by the U.S. EPA 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:

(A) the monitoring data submitted were recorded in accordance with the applicable requirements of this section and 40 CFR 75*, including the quality assurance procedures and specifications;

(B) for a unit with add-on NO_x ozone season emission controls and for all hours where NO_x 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 40 CFR 75, Appendix B* and the substitute data values do not systematically underestimate NO_x emissions; and

(C) for a unit that is reporting on a control period basis under subdivision 3(B)(ii), the NO_x mass emission rate and NO_x concentration values substituted for missing data under 40 CFR 75, Subpart D* are calculated using only values from a control period and do not systemically underestimate NO_x emissions.

(o) A petition requesting approval of alternatives to any requirement of this section may be made as follows:

(1) Except as provided in subdivision (3), the CAIR designated representative of a CAIR NO_x ozone season unit that is subject to an acid rain emissions limitation may submit a petition under 40 CFR 75.66* to the U.S. EPA requesting approval to apply an alternative to any requirement of this section. Application of an alternative to any requirement of this section is in accordance with this section only to the extent that the petition is approved in writing by the U.S. EPA, in consultation with the department.

(2) The CAIR designated representative of a CAIR NO_x ozone season unit that is not subject to an acid rain emissions limitation may submit a petition under 40 CFR 75.66* to the department and the U.S. EPA requesting approval to apply an alternative to any requirement of this section. Application of an alternative to any requirement of this section is in accordance with this section only to the extent that the petition is approved in writing by both the department and the U.S. EPA.

(3) The CAIR designated representative of a CAIR NO_x ozone season unit that is subject to an acid rain emissions limitation may submit a petition under 40 CFR 75.66 * to the department and the U.S. EPA requesting approval to apply an alternative to a requirement concerning any additional continuous emission monitoring system required under 40 CFR 75.72*. Application of an alternative to any such requirement is in accordance with this subpart only to the extent that the petition is approved in writing by both the department and the U.S. EPA.

(p) The owner or operator of a CAIR NO_x unit is subject to the applicable provisions of 40 CFR 75* concerning units in long-term cold storage.

*These documents are incorporated by reference. Copies may be obtained from the Government Printing Office, 732 North Capitol Street NW, Washington, D.C. 20401 or are available for review and copying at the Indiana Department of Environmental Management, Office of Air Quality, Indiana Government Center-North, Tenth Floor, 100 North Senate Avenue, Indianapolis, Indiana 46204. *(Air Pollution Control Division; 326 IAC 24-3-11; filed Jan 26, 2007, 10:25 a.m.: 20070221-IR-326050117FRA)*

326 IAC 24-3-12 CAIR NO_x ozone season opt-in units (Repealed)

Sec. 12. *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

Rule 4. Clean Air Mercury Rule (CAMR) Trading Program (Repealed)

(Repealed by Air Pollution Control Division; filed Sep 19, 2014, 3:11 p.m.: 20141015-IR-326130488FRA)

Rule 5. Nitrogen Oxides (NO_x) Annual Trading Program

326 IAC 24-5-1 Applicability and incorporation by reference

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-11-2; IC 13-15; IC 13-17

Sec. 1. (a) This rule applies to CSAPR NO_x annual units and CSAPR NO_x annual sources as specified in 40 CFR 97.404*, as amended by 81 FR 74605, that are located in Indiana.

(b) The definitions in IC 13-11-2, 326 IAC 1, and 40 CFR 97.402*, as amended by 84 FR 74604, apply throughout this rule. For purposes of this rule, the definition for a term provided in 40 CFR 97.402 controls in any conflict between 326 IAC 1 and 40 CFR 97.402.

(c) The following federal provisions are incorporated by reference:

(1) The CSAPR NO_x Annual Trading Program at:

(A) 40 CFR 97.402* through 40 CFR 97.408*, as amended by 81 FR 74604;

(B) 40 CFR 97.411(c)(1)* through 40 CFR 97.411(c)(4)*, as amended by 81 FR 74606;

(C) 40 CFR 97.411(c)(5)(i)* and 40 CFR 97.411(c)(5)(ii)*, as amended by 81 FR 74606;

(D) 40 CFR 97.413* through 40 CFR 97.420*, as amended by 81 FR 74606;

(E) 40 CFR 97.421(e)* through 40 CFR 97.421(g)*, as amended by 81 FR 74606;

(F) 40 CFR 97.421(i)*, as amended by 81 FR 74606;

(G) 40 CFR 97.421(k)* and 40 CFR 97.421(l)*, as amended by 81 FR 74606; and

(H) 40 CFR 97.422* through 40 CFR 97.435*, as amended by 81 FR 74607.

(2) The Indiana NO_x annual variability limit at 40 CFR 97.410(b)(4)*, as amended by 81 FR 74606.

(d) The following are substitutions to 40 CFR as incorporated into this rule:

(1) As it appears in 40 CFR 97.402 and 40 CFR 97.406(c)(2)(iii), substitute the following:

(A) Delete "§ 97.410(a)" and insert "40 CFR 97.410(a)(4)(iv)".

(B) Delete "§ 97.410(b)" and insert "40 CFR 97.410(b)(4)".

(2) As it appears in 40 CFR 97.402, delete "§ § 97.411 and 97.412" and insert "326 IAC 24-5-5, 326 IAC 24-5-6, and 326 IAC 24-5-7".

(3) As it appears in 40 CFR 97.406(b)(2), delete "§ 97.411(a)(2) and (b) and 97.412" and insert "326 IAC 24-5-5, 326 IAC 24-5-6, and 326 IAC 24-5-7".

*These documents are incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-5-1; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-5-2 CSAPR NO_x annual trading budget

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 2. (a) The total Indiana CSAPR NO_x annual trading budget, in 40 CFR 97.410(a)(4)(iv)*, as amended by 81 FR 74606, is available for each control period starting in 2021 and thereafter. This does not include any tons in a variability limit.

(b) For each control period in 2021 and thereafter, a new unit set-aside is established for Indiana equal to the allowances at 40 CFR 97.410(a)(4)(v)*, as amended by 81 FR 74606 and any additional allowances at 40 CFR 97.411(c)(5)*, as amended by 81 FR 74606.

(c) The existing unit budget is the difference between the total trading budget at 40 CFR 97.410(a)(4)(iv)*, as amended by 81 FR 74606, and the new unit set-aside at 40 CFR 97.410(a)(4)(v)*, as amended by 81 FR 74606.

*These documents are incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-5-2; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-5-3 CSAPR NO_x annual allocation timing

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 3. The department shall allocate CSAPR NO_x annual allowances according to the following schedule:

(1) By June 1, 2018, the department shall submit to the United States Environmental Protection Agency (U.S. EPA) the

existing unit allowance allocations, in accordance with section 5 of this rule, for control periods in 2021 and 2022.

(2) By June 1, 2019, and June 1 every two (2) years thereafter, the department shall submit to U.S. EPA the existing unit allowance allocations in accordance with section 5 of this rule, for control periods four (4) and five (5) years after the applicable deadline for submission under this subdivision.

(3) By July 1, 2021, and July 1 of each year thereafter, the department shall submit to U.S. EPA the new unit set-aside allowance allocations, in accordance with section 6 of this rule, for the control period in the year of the applicable deadline for submission under this subdivision.

(4) By February 6, 2022, and February 6 of each year thereafter, the department shall submit to U.S. EPA the new unit set-aside allowance allocations in accordance with section 7 of this rule, for the control period in the previous year of the applicable deadline for submission under this subdivision.

(Air Pollution Control Division; 326 IAC 24-5-3; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)

326 IAC 24-5-4 Baseline heat input and historic emissions

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 4. (a) For purposes of this rule, an existing unit is any unit with a baseline heat input, in million British thermal units (MMBtu). Baseline heat input is determined as follows:

(1) If a unit commenced commercial operation prior to January 1, 2016, then the following applies:

(A) For an allowance allocation for control periods in 2021 and 2022 the baseline heat input is the average of the three (3) highest control period heat inputs in 2008 through 2015.

(B) For an allowance allocation for control periods in 2023 and 2024 and every two (2) control periods thereafter, the baseline heat input is the average of the three (3) highest, non-zero control period heat inputs in the eight (8) years before the allocation is calculated.

(C) If a unit has only two (2) non-zero heat inputs during the eight (8) years before the allocation is calculated, the baseline heat input is the average of those two (2) non-zero control period heat inputs.

(D) If a unit has only one (1) non-zero heat input during the eight (8) years before the allocation is calculated, the baseline heat input is that one (1) non-zero control period heat input.

(2) If a unit commenced commercial operation on or after January 1, 2016, and operates each control period during a period of three (3) or more consecutive calendar years, for an allowance allocation under section 3(2) of this rule, the baseline heat input is the average of the three (3) highest, non-zero control period heat input values for the years before the calculation of the allocation, not to exceed eight (8) control periods.

(b) For purposes of this rule, new units either:

(1) commenced operation on or after January 1, 2016, and do not have a baseline heat input; or

(2) did not receive allowances as determined under section 5(c) of this rule, and operated during the control period immediately preceding the year of allocation.

(c) The maximum historic emission cap is the maximum NO_x emissions, in tons, that occurred during any control period of the historic emissions period. The historic emissions period is an eight (8) year history for each unit ending with the most recent year of the eight (8) years used for the determination of the heat input under subsection (a).

(d) A unit's control period heat input and a unit's total tons of NO_x emissions during a control period under this section must be determined in accordance with 40 CFR 75*.

*This document is incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-5-4; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-5-5 Existing unit allocations and adjustments

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 5. (a) For each control period in 2021 and thereafter, the department shall allocate to all existing units that have a baseline heat input the total amount of allowances as listed in section 2(c) of this rule in accordance with this section.

(b) The initial allocation for an existing unit is the existing unit budget multiplied by the ratio of the baseline heat input of the unit to the total amount of baseline heat inputs of all CSAPR NO_x annual units, rounded to the nearest whole allowance.

(c) A unit receives no allowances if the unit does not operate during the control period in two (2) consecutive years as follows:

(1) Allowances must not be allocated to the unit for the control period in the fifth year after the first year of not operating and in each year after the fifth year.

(2) If the unit resumes operation, the department must allocate allowances to the unit in accordance with the standards for new unit allocations until the unit has a baseline heat input.

(d) The allocation to each unit is the lesser of the following, plus any reapportioned allowances:

(1) Initial allocation under subsection (b).

(2) A cap on emissions pursuant to a federally enforceable judicial consent decree.

(3) Maximum historic emissions, as determined under section 4(c) of this rule.

(4) No allowances if the unit does not operate as described in subsection (c).

(e) All allowances remaining after the application of subsections (b) and (c) are reapportioned as follows, until the entire existing unit budget is allocated, with each resulting allocation value rounded to the nearest whole allowance:

(1) Remaining allowances are reapportioned to the remaining units whose initial allocation is not limited by subsection (d)(2) through (d)(4).

(2) Allocations are apportioned on the same basis as under subsection (b).

(3) These steps are repeated with each revised allocation distribution until the entire existing unit budget is allocated.

(f) By March 1 of each year existing unit allocations are made under this section, the department shall make the allowance allocations available for public review. The department may adjust each determination if appropriate or necessary to ensure that it is in accordance with this rule. *(Air Pollution Control Division; 326 IAC 24-5-5; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-5-6 New unit allocations

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 6. (a) For each control period in 2021 and thereafter, the department shall allocate to all new units, a total amount of allowances in the new unit set-aside as listed in section 2(b) of this rule.

(b) The department must determine for each new unit an allocation of allowances for the later of the following control periods and for each subsequent control period:

(1) The control period starting in 2021.

(2) The first full control period after the unit commences commercial operation.

(3) For a unit misallocated allowances under 40 CFR 97.411(c)*, as amended by 81 FR 74606, the first control period in which the unit operates in Indiana after operating in another jurisdiction and the unit must not already have been allocated one (1) or more allowances.

(4) For a unit that received no allowances as described in section 5(c) of this rule that resumes operation, the first full control period after the unit resumes operation.

(c) The allocation to each unit for each control period must be an amount equal to the unit's total tons of NO_x emissions during the immediately preceding control period. The department may adjust the allocations as follows:

(1) If the amount of allowances in the new unit set-aside for a control period is greater than or equal to the sum of the preceding control period emissions, then the department shall allocate the amount equal to the unit's total tons of NO_x emissions during the immediately preceding control period.

(2) If the amount of allowances in the new unit set-aside for a control period is less than the sum of the preceding control period emissions, then the department shall allocate to each unit an amount equal to the unit's tons of NO_x emissions during the immediately preceding control period for the unit, multiplied by the amount of allowances in the new unit set-aside for the control period, divided by the sum of the preceding control period emissions, rounded to the nearest whole allowance.

(d) The department shall notify each CSAPR designated representative of the amount of allowances allocated under this section.

*This document is incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-5-6; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-5-7 Unallocated new unit set-aside allowances

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 7. (a) Unallocated allowances remaining in the new unit set-aside after completion of the procedures of section 6 of this rule, for a control period, shall be allocated first to new units as follows:

(1) For each unit that commenced commercial operation during the period starting January 1 of the year before the year of the control period and ending November 30 of the year of the control period, the department shall determine the positive difference, if any, between the unit's emissions during the control period and the amount of allowances awarded for the unit for the control period.

(2) The department shall determine the sum of the positive differences determined under subdivision (1) and then proceed as follows:

(A) If the amount of unallocated allowances remaining in the new unit set-aside for a control period is greater than or equal to the sum determined under this subdivision, then the department must allocate the amount of allowances determined for each unit under subdivision (1).

(B) If the amount of unallocated allowances remaining in the new unit set-aside for a control period is less than the sum under this subdivision, then the department must allocate to each unit under the following formula, rounded to the nearest whole allowance:

$$\text{Unit allowance} = ((E-A) \times RNUSA) / Sum$$

Where: Unit allowance is the total allowances allocated to the unit.
E is the unit's emissions during the control period.
A is the amount of allowances awarded for the unit for the control period.
RNUSA is the remaining allowances in the new unit set-aside.
Sum is the total amount of allocations under this subdivision.

(b) After completion of the procedures under subsection (a) for a control period, if any unallocated allowances remain in the new unit set-aside for the control period, the department shall allocate to each existing unit that was allocated allowances under section 5 of this rule, an amount of allowances under the following formula:

$$\text{Unit allowance} = (UA \times EUA) / EUB$$

Where: Unit allowance is the total allowances allocated to the unit.
UA is the total amount of the remaining unallocated allowances in the new unit set-aside.
EUA is the unit's allocation under section 5 of this rule for the control period.
EUB is the existing unit budget, as listed in section 2(c) of this rule, for the control period, rounded to the nearest whole allowance.

(c) The department shall notify each CSAPR designated representative of the amount of allowances allocated under this section. *(Air Pollution Control Division; 326 IAC 24-5-7; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

Rule 6. Nitrogen Oxides (NO_x) Ozone Season Group 2 Trading Program

326 IAC 24-6-1 Applicability and incorporation by reference

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-11-2; IC 13-15; IC 13-17

Sec. 1. (a) This rule applies to CSAPR NO_x Ozone Season Group 2 units and CSAPR NO_x Ozone Season Group 2 sources as specified in 40 CFR 97.804*, as added by 81 FR 74627, that are located in Indiana.

(b) The definitions in IC 13-11-2, 326 IAC 1, and 40 CFR 97.802*, as added by 81 FR 74622, apply throughout this rule. For purposes of this rule, the definition for a term provided in 40 CFR 97.802 controls in any conflict between 326 IAC 1 and 40 CFR 97.802.

(c) The following federal provisions are incorporated by reference:

(1) The CSAPR NO_x Ozone Season Group 2 Trading Program at:

(A) 40 CFR 97.802* through 40 CFR 97.808*, as added by 81 FR 74622;
(B) 40 CFR 97.811(c)(1)* through 40 CFR 97.811(c)(4)*, as added by 81 FR 74633;
(C) 40 CFR 97.811(c)(5)(i)* and 40 CFR 97.811(c)(5)(ii)*, as added by 81 FR 74633;
(D) 40 CFR 97.813* through CFR 97.820*, as added by 81 FR 74637;
(E) 40 CFR 97.821(d)* through 40 CFR 97.411(g)*, as added by 81 FR 74642;
(F) 40 CFR 97.821(i)*, as added by 81 FR 74642;
(G) 40 CFR 97.821(k)* and 40 CFR 97.821(l)*, as added by 81 FR 74643; and
(H) 40 CFR 97.822* through 40 CFR 97.835*, as added by 81 FR 74643.

(2) The Indiana NO_x ozone season group 2 variability limit at 40 CFR 97.810(b)(5)*, as added by 81 FR 74631.

(d) The following are substitutions to 40 CFR as incorporated into this rule:

(1) As it appears in 40 CFR 97.802 and 40 CFR 97.806(c)(2)(iii), substitute the following:

(A) Delete "§ 97.810(a)" and insert "40 CFR 97.810(a)(5)(i)".
(B) Delete "§ 97.810(b)" and insert "40 CFR 97.810(b)(5)".

(2) As it appears in 40 CFR 97.802, delete "§ § 97.811 and 97.812" and insert "326 IAC 24-6-5, 326 IAC 24-6-6, and 326 IAC 24-6-7".

(3) As it appears in 40 CFR 97.806(b)(2), delete "§ § 97.811(a)(2) and (b) 97.812" and insert "326 IAC 24-6-5, 326 IAC 24-6-6, and 326 IAC 24-6-7".

*These documents are incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-6-1; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-6-2 CSAPR NO_x ozone season group 2 trading budget

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 2. (a) The total Indiana CSAPR NO_x ozone season group 2 trading budget, in 40 CFR 97.810(a)(5)(i)*, as added by 81 FR 74631, is available for each control period starting in 2021 and thereafter. This does not include any tons in a variability limit.

(b) For each control period in 2021 and thereafter, a new unit set-aside is established for Indiana equal to the allowances at 40 CFR 97.810(a)(5)(ii)*, as added by 81 FR 74631, and any additional allowances at 40 CFR 97.811(c)(5)*, as added by 81 FR 74633.

(c) The existing unit budget is the difference between the total trading budget at 40 CFR 97.810(a)(5)(i)*, as added by 81 FR 74631, and the new unit set-aside at 40 CFR 97.810(a)(5)(ii)*, as added by 81 FR 74631.

*These documents are incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control*

Division; 326 IAC 24-6-2; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)

326 IAC 24-6-3 CSAPR NO_x ozone season group 2 allocation timing

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 3. The department shall allocate CSAPR NO_x ozone season group 2 allowances according to the following schedule:

(1) By June 1, 2018, the department shall submit to U.S. EPA the existing unit allowance allocations, in accordance with section 5 of this rule, for control periods in 2021 and 2022.

(2) By June 1, 2019, and June 1 every two (2) years thereafter, the department shall submit to U.S. EPA the existing unit allowance allocations in accordance with section 5 of this rule, for control periods four (4) and five (5) years after the applicable deadline for submission under this subdivision.

(3) By July 1, 2021, and July 1 of each year thereafter, the department shall submit to U.S. EPA the new unit set-aside allowance allocations, in accordance with section 6 of this rule, for the control period in the year of the applicable deadline for submission under this subdivision.

(4) By February 6, 2022, and February 6 of each year thereafter, the department shall submit to U.S. EPA the new unit set-aside allowance allocations in accordance with section 7 of this rule, for the control period in the previous year of the applicable deadline for submission under this subdivision.

(Air Pollution Control Division; 326 IAC 24-6-3; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)

326 IAC 24-6-4 Baseline heat input and historic emissions

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 4. (a) For purposes of this rule, an existing unit is any unit with a baseline heat input, in MMBtu. Baseline heat input is determined as follows:

(1) If a unit commenced commercial operation prior to January 1, 2016, then the following applies:

(A) For an allowance allocation for control periods in 2021 and 2022 the baseline heat input is the average of the three (3) highest control period heat inputs in 2008 through 2015.

(B) For an allowance allocation for control periods in 2023 and 2024 and every two (2) control periods thereafter, the baseline heat input is the average of the three (3) highest, non-zero control period heat inputs in the eight (8) years before the allocation is calculated.

(C) If a unit has only two (2) non-zero heat inputs during the eight (8) years before the allocation is calculated, the baseline heat input is the average of those two (2) non-zero control period heat inputs.

(D) If a unit has only one (1) non-zero heat input during the eight (8) years before the allocation is calculated, the baseline heat input is that one (1) non-zero control period heat input.

(2) If a unit commenced commercial operation on or after January 1, 2016, and operates each control period during a period of three (3) or more consecutive calendar years, for an allowance allocation under section 3(2) of this rule, the baseline heat input is the average of the three (3) highest, non-zero control period heat input values for the years before the calculation of the allocation, not to exceed eight (8) control periods.

(b) For purposes of this rule, new units either:

(1) commenced operation on or after January 1, 2016, and do not have a baseline heat input; or

(2) did not receive allowances as determined under section 5(c) of this rule, and operated during the control period immediately preceding the year of allocation.

(c) The maximum historic emission cap is the maximum NO_x emissions, in tons, that occurred during any control period of the historic emissions period. The historic emissions period is an eight (8) year history for each unit ending with the most recent year of the eight (8) years used for the determination of the heat input under subsection (a).

(d) A unit's control period heat input and a unit's total tons of NO_x emissions during a control period under this section must be determined in accordance with 40 CFR 75*.

*This document is incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-6-4; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-6-5 Existing unit allocations and adjustments

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 5. (a) For each control period in 2021 and thereafter, the department shall allocate to all existing units that have a baseline heat input the total amount of allowances as listed in section 2(c) of this rule in accordance with this section.

(b) The initial allocation for an existing unit is the existing unit budget multiplied by the ratio of the baseline heat input of the unit to the total amount of baseline heat inputs of all CSAPR NO_x ozone season group 2 units, rounded to the nearest whole allowance.

(c) A unit receives no allowances if the unit does not operate during the control period in two (2) consecutive years as follows:

(1) Allowances must not be allocated to the unit for the control period in the fifth year after the first year of not operating and in each year after the fifth year.

(2) If the unit resumes operation, the department must allocate allowances to the unit in accordance with the standards for new unit allocations until the unit has a baseline heat input.

(d) The allocation to each unit is the lesser of the following, plus any reapportioned allowances:

(1) Initial allocation under subsection (b).

(2) A cap on emissions pursuant to a federally enforceable judicial consent decree.

(3) Maximum historic emissions, as determined under section 4(c) of this rule.

(4) No allowances if the unit does not operate as described in subsection (c).

(e) All allowances remaining after the application of subsections (b) and (c) are reapportioned as follows, until the entire existing unit budget is allocated, with each resulting allocation value rounded to the nearest whole allowance:

(1) Remaining allowances are reapportioned to the remaining units whose initial allocation is not limited by subsection (d)(2) through (d)(4).

(2) Allocations are apportioned on the same basis as under subsection (b).

(3) These steps are repeated with each revised allocation distribution until the entire existing unit budget is allocated.

(f) By March 1 of each year existing unit allocations are made under this section, the department shall make the allowance allocations available for public review. The department may adjust each determination if appropriate or necessary to ensure that it is in accordance with this rule. *(Air Pollution Control Division; 326 IAC 24-6-5; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-6-6 New unit allocations

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 6. (a) For each control period in 2021 and thereafter, the department shall allocate to all new units, a total amount of allowances in the new unit set-aside as listed in section 2(b) of this rule.

(b) The department must determine for each new unit an allocation of allowances for the later of the following control periods and for each subsequent control period:

(1) The control period starting in 2021.

(2) The first full control period after the unit commences commercial operation.

(3) For a unit misallocated allowances under 40 CFR 97.811(c)*, as added by 81 FR 74633, the first control period in which the unit operates in Indiana after operating in another jurisdiction and the unit must not already have been allocated one (1) or more allowances.

(4) For a unit that received no allowances as described in section 5(c) of this rule that resumes operation, the first full control

period after the unit resumes operation.

(c) The allocation to each unit for each control period must be an amount equal to the unit's total tons of NO_x emissions during the immediately preceding control period. The department may adjust the allocations as follows:

(1) If the amount of allowances in the new unit set-aside for a control period is greater than or equal to the sum of the preceding control period emissions, then the department shall allocate the amount equal to the unit's total tons of NO_x emissions during the immediately preceding control period.

(2) If the amount of allowances in the new unit set-aside for a control period is less than the sum of the preceding control period emissions, then the department shall allocate to each unit an amount equal to the unit's tons of NO_x emissions during the immediately preceding control period for the unit, multiplied by the amount of allowances in the new unit set-aside for the control period, divided by the sum of the preceding control period emissions, rounded to the nearest whole allowance.

(d) The department shall notify each CSAPR designated representative of the amount of allowances allocated under this section.

*This document is incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-6-6; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-6-7 Unallocated new unit set-aside allowances

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 7. (a) Unallocated allowances remaining in the new unit set-aside after completion of the procedures of section 6 of this rule, for a control period, shall be allocated first to new units as follows:

(1) For each unit that commenced commercial operation during the period starting January 1 of the year before the year of the control period and ending November 30 of the year of the control period, the department shall determine the positive difference, if any, between the unit's emissions during the control period and the amount of allowances awarded for the unit for the control period.

(2) The department shall determine the sum of the positive differences determined under subdivision (1) and then proceed as follows:

(A) If the amount of unallocated allowances remaining in the new unit set-aside for a control period is greater than or equal to the sum determined under this subdivision, then the department must allocate the amount of allowances determined for each unit under subdivision (1).

(B) If the amount of unallocated allowances remaining in the new unit set-aside for a control period is less than the sum under this subdivision, then the department must allocate to each unit under the following formula, rounded to the nearest whole allowance:

$$\text{Unit Allowance} = ((E-A) \times \text{RNUSA}) / \text{Sum}$$

Where: Unit allowance is the total allowances allocated to the unit.
E is the unit's emissions during the control period.
A is the amount of allowances awarded for the unit for the control period.
RNUSA is the remaining allowances in the new unit set-aside.
Sum is the total amount of allocations under this subdivision.

(b) After completion of the procedures under subsection (a) for a control period, if any unallocated allowances remain in the new unit set-aside for the control period, the department shall allocate to each existing unit that was allocated allowances under section 5 of this rule, an amount of allowances under the following formula:

$$\text{Unit allowance} = (UA \times EUA) / EUB$$

Where: Unit allowance is the total allowances allocated to the unit.
UA is the total amount of the remaining unallocated allowances in the new unit set-aside.
EUA is the unit's allocation under section 5 of this rule for the control period.
EUB is the existing unit budget, as listed in section 2(c) of this rule, for the control period, rounded to the nearest whole allowance.

(c) The department shall notify each CSAPR designated representative of the amount of allowances allocated under this section. *(Air Pollution Control Division; 326 IAC 24-6-7; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

Rule 7. Sulfur Dioxide (SO_2) Group 1 Trading Program

326 IAC 24-7-1 Applicability and incorporation by reference

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-11-2; IC 13-15; IC 13-17

Sec. 1. (a) This rule applies to CSAPR SO_2 Group 1 units and CSAPR SO_2 Group 1 sources as specified in 40 CFR 97.604*, as amended by 81 FR 74616, that are located in Indiana.

(b) The definitions in IC 13-11-2, 326 IAC 1, and 40 CFR 97.602*, as amended by 81 FR 74615, apply throughout this rule. For purposes of this rule, the definition for a term provided in 40 CFR 97.602 controls in any conflict between 326 IAC 1 and 40 CFR 97.602.

(c) The following federal provisions are incorporated by reference:

(1) The CSAPR SO_2 Group 1 Trading Program at:
(A) 40 CFR 97.602* through 40 CFR 97.608*, as amended by 81 FR 74615;
(B) 40 CFR 97.611(c)(1)* through 40 CFR 97.611(c)(4)*, as amended by 81 FR 74616;
(C) 40 CFR 97.611(c)(5)(i)* and 40 CFR 97.611(c)(5)(ii)*, as amended by 81 FR 74616;
(D) 40 CFR 97.613* through 40 CFR 97.620*, as amended by 81 FR 74617;
(E) 40 CFR 97.621(e)* through 40 CFR 97.621(g)*, as amended by 81 FR 74617;
(F) 40 CFR 97.621(i)*, as amended by 81 FR 74617;
(G) 40 CFR 97.621(k)* and 40 CFR 97.621(l)*, as amended by 81 FR 74617; and
(H) 40 CFR 97.622* through 40 CFR 97.635*, as amended by 81 FR 74617.

(2) The Indiana CSAPR SO_2 group 1 trading budget variability limit at 40 CFR 97.610(b)(2)*, as amended by 81 FR 74616.

(d) The following are substitutions to 40 CFR as incorporated into this rule:

(1) As it appears in 40 CFR 97.602 and 40 CFR 97.606(c)(2)(iii) substitute the following:
(A) Delete "§ 97.610(a)" and insert "40 CFR 97.610(a)(2)(iv)".
(B) Delete "§ 97.610(b)" and insert "40 CFR 97.610(b)(2)".

(2) As it appears in 40 CFR 97.602, delete "§ 97.611 and 97.612" and insert "326 IAC 24-7-5, 326 IAC 24-7-6, and 326 IAC 24-7-7".

(3) As is appears in 40 CFR 97.606(b)(2), delete "§ § 97.611(a)(2) and 97.611(b)" and insert "326 IAC 24-7-5, 326 IAC 24-7-6, and 326 IAC 24-7-7".

*These documents are incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-7-1; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-7-2 CSAPR SO_2 group 1 trading budget

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 2. (a) The Indiana CSAPR SO_2 group 1 allowance trading budget, at 40 CFR 97.610(a)(2)(iv)*, as amended by 81 FR

74616, is available for each control period starting in 2021 and thereafter. This does not include any tons in a variability limit.

(b) For each control period in 2021 and thereafter, a new unit set-aside is established for Indiana equal to the allowances at 40 CFR 97.610(a)(2)(v)*, as amended by 81 FR 74616 and any additional allowances at 40 CFR 97.611(c)(5)*, as amended by 81 FR 74616.

(c) The existing unit budget is the difference between the total trading budget at 40 CFR 97.610(a)(2)(iv)*, as amended by 81 FR 74616, and the new unit set-aside at 40 CFR 97.610(a)(2)(v)*, as amended by 81 FR 74616.

*These documents are incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-7-2; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-7-3 CSAPR SO_2 group 1 allocation timing

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 3. The department shall allocate CSAPR SO_2 group 1 allowances according to the following schedule:

(1) By June 1, 2018, the department shall submit to U.S. EPA the existing unit allowance allocations, in accordance with section 5 of this rule, for control periods in 2021 and 2022.

(2) By June 1, 2019, and June 1 every two (2) years thereafter, the department shall submit to U.S. EPA the existing unit allowance allocations in accordance with section 5 of this rule, for control periods four (4) and five (5) years after the applicable deadline for submission under this subdivision.

(3) By July 1, 2021, and July 1 of each year thereafter, the department shall submit to U.S. EPA the new unit set-aside allowance allocations, in accordance with section 6 of this rule, for the control period in the year of the applicable deadline for submission under this subdivision.

(4) By February 6, 2022, and February 6 of each year thereafter, the department shall submit to U.S. EPA the new unit set-aside allowance allocations in accordance with section 7 of this rule, for the control period in the previous year of the applicable deadline for submission under this subdivision.

(Air Pollution Control Division; 326 IAC 24-7-3; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)

326 IAC 24-7-4 Baseline heat input and historic emissions

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 4. (a) For purposes of this rule, an existing unit is any unit with a baseline heat input, in MMBtu. Baseline heat input is determined as follows:

(1) If a unit commenced commercial operation prior to January 1, 2016, then the following applies:

(A) For an allowance allocation for control periods in 2021 and 2022 the baseline heat input is the average of the three (3) highest control period heat inputs in 2008 through 2015.

(B) For an allowance allocation for control periods in 2023 and 2024 and every two (2) control periods thereafter, the baseline heat input is the average of the three (3) highest, non-zero control period heat inputs in the eight (8) years before the allocation is calculated.

(C) If a unit has only two (2) non-zero heat inputs during the eight (8) years before the allocation is calculated, the baseline heat input is the average of those two (2) non-zero control period heat inputs.

(D) If a unit has only one (1) non-zero heat input during the eight (8) years before the allocation is calculated, the baseline heat input is that one (1) non-zero control period heat input.

(2) If a unit commenced commercial operation on or after January 1, 2016, and operates each control period during a period of three (3) or more consecutive calendar years, for an allowance allocation under section 3(2) of this rule, the baseline heat input is the average of the three (3) highest, non-zero control period heat input values for the years before the calculation of the allocation, not to exceed eight (8) control periods.

(b) For purposes of this rule, new units either:

(1) commenced operation on or after January 1, 2016, and do not have a baseline heat input; or

(2) did not receive allowances as determined under section 5(c) of this rule, and operated during the control period immediately preceding the year of allocation.

(c) The maximum historic emission cap is the maximum SO_2 emissions, in tons, that occurred during any control period of the historic emissions period. The historic emissions period is an eight (8) year history for each unit ending with the most recent year of the eight (8) years used for the determination of the heat input under subsection (a).

(d) A unit's control period heat input and a unit's total tons of SO_2 emissions during a control period under this section must be determined in accordance with 40 CFR 75*.

*This document is incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-7-4; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-7-5 Existing unit allocations and adjustments

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 5. (a) For each control period in 2021 and thereafter, the department shall allocate to all existing units that have a baseline heat input the total amount of allowances as listed in section 2(c) of this rule in accordance with this section.

(b) The initial allocation for an existing unit is the existing unit budget multiplied by the ratio of the baseline heat input of the unit to the total amount of baseline heat inputs of all CSAPR SO_2 group 1 units, rounded to the nearest whole allowance.

(c) A unit receives no allowances if the unit does not operate during the control period in two (2) consecutive years as follows:

(1) Allowances must not be allocated to the unit for the control period in the fifth year after the first year of not operating and in each year after the fifth year.

(2) If the unit resumes operation, the department must allocate allowances to the unit in accordance with the standards for new unit allocations until the unit has a baseline heat input.

(d) The allocation to each unit is the lesser of the following, plus any reapportioned allowances:

(1) Initial allocation under subsection (b).

(2) A cap on emissions pursuant to a federally enforceable judicial consent decree.

(3) Maximum historic emissions, as determined under section 4(c) of this rule.

(4) No allowances if the unit does not operate as described in subsection (c).

(e) All allowances remaining after the application of subsections (b) and (c) are reapportioned as follows, until the entire existing unit budget is allocated, with each resulting allocation value rounded to the nearest whole allowance:

(1) Remaining allowances are reapportioned to the remaining units whose initial allocation is not limited by subsection (d)(2) through (d)(4).

(2) Allocations are apportioned on the same basis as under subsection (b).

(3) These steps are repeated with each revised allocation distribution until the entire existing unit budget is allocated.

(f) By March 1 of each year existing unit allocations are made under this section, the department shall make the allowance allocations available for public review. The department may adjust each determination if appropriate or necessary to ensure that it is in accordance with this rule. *(Air Pollution Control Division; 326 IAC 24-7-5; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-7-6 New unit allocations

Authority: IC 4-22-2-21; IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 4-22-9-5; IC 13-15; IC 13-17

Sec. 6. (a) For each control period in 2021 and thereafter, the department shall allocate to all new units, a total amount of allowances in the new unit set-aside as listed in section 2(b) of this rule.

(b) The department must determine for each new unit an allocation of allowances for the later of the following control periods and for each subsequent control period:

(1) The control period starting in 2021.

(2) The first full control period after the unit commences commercial operation.

(3) For a unit misallocated allowances under 40 CFR 97.611(c)*, as amended by 81 FR 74616, the first control period in which the unit operates in Indiana after operating in another jurisdiction and the unit must not already have been allocated one (1) or more allowances.

(4) For a unit that received no allowances as described in section 5(c) of this rule that resumes operation, the first full control period after the unit resumes operation.

(c) The allocation to each unit for each control period must be an amount equal to the unit's total tons of SO_2 emissions during the immediately preceding control period. The department may adjust the allocations as follows:

(1) If the amount of allowances in the new unit set-aside for a control period is greater than or equal to the sum of the preceding control period emissions, then the department shall allocate the amount equal to the unit's total tons of SO_2 emissions during the immediately preceding control period.

(2) If the amount of allowances in the new unit set-aside for a control period is less than the sum of the preceding control period emissions, then the department shall allocate to each unit an amount equal to the unit's tons of SO_2 emissions during the immediately preceding control period for the unit, multiplied by the amount of allowances in the new unit set-aside for the control period, divided by the sum of the preceding control period emissions, rounded to the nearest whole allowance.

(d) The department shall notify each CSAPR designated representative of the amount of allowances allocated under this section.

*This document is incorporated by reference. Copies may be obtained from the Government Publishing Office, www.gpo.gov, or are available for review at the Indiana Department of Environmental Management, Office of Legal Counsel, Indiana Government Center North, 100 North Senate Avenue, Thirteenth Floor, Indianapolis, IN 46204. *(Air Pollution Control Division; 326 IAC 24-7-6; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-7-7 Unallocated new unit set-aside allowances

Authority: IC 13-14-8; IC 13-17-3-4; IC 13-17-3-11
Affected: IC 13-15; IC 13-17

Sec. 7. (a) Unallocated allowances remaining in the new unit set-aside after completion of the procedures of section 6 of this rule, for a control period, shall be allocated first to new units as follows:

(1) For each unit that commenced commercial operation during the period starting January 1 of the year before the year of the control period and ending November 30 of the year of the control period, the department shall determine the positive difference, if any, between the unit's emissions during the control period and the amount of allowances awarded for the unit for the control period.

(2) The department shall determine the sum of the positive differences determined under subdivision (1) and then proceed as follows:

(A) If the amount of unallocated allowances remaining in the new unit set-aside for a control period is greater than or equal to the sum determined under this subdivision, then the department must allocate the amount of allowances determined for each unit under subdivision (1).

(B) If the amount of unallocated allowances remaining in the new unit set-aside for a control period is less than the sum under this subdivision, then the department must allocate to each unit under the following formula, rounded to the nearest whole allowance:

$$\text{Unit Allowance} = ((E-A) \times RNUSA) / \text{Sum}$$

Where: Unit allowance is the total allowances allocated to the unit.
E is the unit's emissions during the control period.
A is the amount of allowances awarded for the unit for the control period.

RNUSA is the remaining allowances in the new unit set-aside.

Sum is the total amount of allocations under this subdivision.

(b) After completion of the procedures under subsection (a) for a control period, if any unallocated allowances remain in the new unit set-aside for the control period, the department shall allocate to each existing unit that was allocated allowances under section 5 of this rule, an amount of allowances under the following formula:

$$\text{Unit allowance} = (UA \times EUA) / EUB$$

Where: Unit allowance is the total allowances allocated to the unit.

UA is the total amount of the remaining unallocated allowances in the new unit set-aside.

EUA is the unit's allocation under section 5 of this rule for the control period.

EUB is the existing unit budget, as listed in section 2(c) of this rule, for the control period, rounded to the nearest whole allowance.

(c) The department shall notify each CSAPR designated representative of the amount of allowances allocated under this section. *(Air Pollution Control Division; 326 IAC 24-7-7; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

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