

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 Clean Air Interstate Rule Nitrogen Oxides Annual Trading Program (Repealed)

(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)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 Clean Air Interstate Rule (CAIR) Sulfur Dioxide Trading Program (Repealed)

(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)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 Clean Air Interstate Rule (CAIR) NO_x Ozone Season Trading Program (Repealed)

326 IAC 24-3-1 Applicability (Repealed)

Sec. 1. *(Repealed by Air Pollution Control Division; filed Jul 27, 2018, 2:25 p.m.: 20180822-IR-326150414FRA)*

326 IAC 24-3-2 Definitions (Repealed)

Sec. 2. *(Repealed by Air Pollution Control Division; filed Jul 27, 2018, 2:25 p.m.: 20180822-IR-326150414FRA)*

326 IAC 24-3-3 Retired unit exemption (Repealed)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 *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-4 Standard requirements (Repealed)

Sec. 4. *(Repealed by Air Pollution Control Division; filed Jul 27, 2018, 2:25 p.m.: 20180822-IR-326150414FRA)*

326 IAC 24-3-5 Computation of time and appeal procedures (Repealed)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 *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-6 CAIR designated representative for CAIR NO_x ozone season sources (Repealed)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 *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-7 Permit requirements (Repealed)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 *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-8 CAIR NO_x ozone season allowance allocations (Repealed)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 *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-9 CAIR NO_x ozone season allowance tracking system (Repealed)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 *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-10 CAIR NO_x ozone season allowance transfers (Repealed)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 *(Repealed by Air Pollution Control Division; filed Oct 25, 2017, 1:02 p.m.: 20171122-IR-326160209FRA)*

326 IAC 24-3-11 Monitoring and reporting requirements (Repealed)

Sec. 11. *(Repealed by Air Pollution Control Division; filed Jul 27, 2018, 2:25 p.m.: 20180822-IR-326150414FRA)*

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

CROSS-STATE AIR POLLUTION RULE (CSAPR) PROGRAMS

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:

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

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:

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

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 40 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) and 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; errata filed Jun 12, 2018, 10:06 a.m.: 20180627-IR-326180268ACA*)

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

CROSS-STATE AIR POLLUTION RULE (CSAPR) PROGRAMS

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

CROSS-STATE AIR POLLUTION RULE (CSAPR) PROGRAMS

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:

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

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 (SO₂) 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 SO₂ Group 1 units and CSAPR SO₂ 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 SO₂ 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 SO₂ 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 (b) and 97.612" 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; errata filed Jun 12, 2018, 10:06 a.m.: 20180627-IR-326180268ACA*)

326 IAC 24-7-2 CSAPR SO₂ 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 SO₂ 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 SO₂ 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 SO₂ 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 SO₂ 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 SO₂ 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 SO₂ 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 SO₂ 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 SO₂ 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 SO₂ 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

CROSS-STATE AIR POLLUTION RULE (CSAPR) PROGRAMS

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:

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

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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