

APA-1
11/96

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 335 Department or Agency Environmental Management
Rule No. 335-3-8-.46
Rule Title: TR NOx Ozone Season Allowance Allocations

 New X Amend Repeal Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety?

 YES

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare?

 YES

Is there another, less restrictive method of regulation available that could adequately protect the public?

 NO

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree?

 YES

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule?

 NO

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public?

 YES

Does the proposed rule have an economic impact?

 YES

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of section 41-22-23, Code of Alabama 1975.

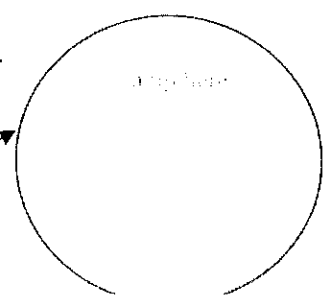
Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer Maulyn Elliott

Date 01-20-2017

Date Filed



APA-2
11/96

ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
AIR DIVISION

NOTICE OF INTENDED ACTION

AGENCY NAME: Environmental Management

- RULE NO. & TITLE: Division 335-3, Air Pollution Control Program
- 335-3-8-.39 - TR NOX Ozone Season Trading Program – Purpose and Definitions(Amend)
 - 335-3-8-.41 - TR NOX Ozone Season Trading Program – Retired Unit Exemption (Amend)
 - 335-3-8-.42 - TR NOX Ozone Season Trading Program – Standard Requirements (Amend)
 - 335-3-8-.43 - TR NOX Ozone Season Trading Program – Computation of Time (Amend)
 - 335-3-8-.45 - NOX Ozone Season Trading Budgets and Variability Limits (Amend)
 - 335-3-8-.46 - TR NOX Ozone Season Allowance Allocations (Amend)
 - 335-3-8-.48 - Authorization of Designated Representative and Alternate Designated Representative (Amend)
 - 335-3-8-.49 - Responsibilities of Designated Representative and Alternate Designated Representative (Amend)
 - 335-3-8-.50 - Changing Designated Representative and Alternate Designated Representative; Changes in Owners and Operators; Changes in Units at the Source (Amend)
 - 335-3-8-.51 - Certificate of Representation (Amend)
 - 335-3-8-.52 - Objections Concerning Designated Representative and Alternate Designated Representative (Amend)
 - 335-3-8-.53 - Delegation by Designated Representative and Alternate Designated Representative (Amend)
 - 335-3-8-.55 - Establishment of Compliance Accounts, Assurance Accounts, and General Accounts (Amend)
 - 335-3-8-.56 - Recordation of TR NOX Ozone Season Allowance Allocations and Auction Results (Amend)
 - 335-3-8-.57 - Submission of TR NOX Ozone Season Allowance Transfers (Amend)
 - 335-3-8-.58 - Recordation of TR NOX Ozone Season Allowance Transfers (Amend)
 - 335-3-8-.59 - Compliance with TR NOX Ozone Season Emissions Limitation (Amend)
 - 335-3-8-.60 - Compliance with TR NOX Ozone Season Assurance Provisions (Amend)
 - 335-3-8-.61 - Banking (Amend)
 - 335-3-8-.62 - TR NOX Ozone Season Trading Program – Account Error (Amend)

- 335-3-8-.63 - TR NOX Ozone Season Trading Program – Administrator’s Action on Submissions (Amend)
- 335-3-8-.65 - General Monitoring, Recordkeeping, and Reporting Requirements (Amend)
- 335-3-8-.66 - Initial Monitoring System Certification and Recertification Procedures (Amend)
- 335-3-8-.67 - Monitoring System Out-of-Control Periods (Amend)
- 335-3-8-.68 - Notifications Concerning Monitoring (Amend)
- 335-3-8-.69 - Recordkeeping and Reporting (Amend)
- 335-3-8-.70 - Petitions for Alternatives to Monitoring, Recordkeeping, or Reporting Requirements (Amend)

INTENDED ACTION: Revise Division 3 of the ADEM Administrative Code with the amendments of Rules 335-3-8-.39 (TR NOX Ozone Season Trading Program – Purpose and Definitions), 335-3-8-.41 (TR NOX Ozone Season Trading Program – Retired Unit Exemption), 335-3-8-.42 (TR NOX Ozone Season Trading Program – Standard Requirements), 335-3-8-.43 (TR NOX Ozone Season Trading Program – Computation of Time), 335-3-8-.45 (NOX Ozone Season Trading Budgets and Variability Limits), 335-3-8-.46 (TR NOX Ozone Season Allowance Allocations), 335-3-8-.48 (Authorization of Designated Representative and Alternate Designated Representative), 335-3-8-.49 (Responsibilities of Designated Representative and Alternate Designated Representative), 335-3-8-.50 (Changing Designated Representative and Alternate Designated Representative; Changes in Owners and Operators; Changes in Units at the Source), 335-3-8-.51 (Certificate of Representation), 335-3-8-.52 (Objections Concerning Designated Representative and Alternate Designated Representative), 335-3-8-.53 (Delegation by Designated Representative and Alternate Designated Representative), 335-3-8-.55 (Establishment of Compliance Accounts, Assurance Accounts, and General Accounts), 335-3-8-.56 (Recordation of TR NOX Ozone Season Allowance Allocations and Auction Results), 335-3-8-.57 (Submission of TR NOX Ozone Season Allowance Transfers), 335-3-8-.58 (Recordation of TR NOX Ozone Season Allowance Transfers), 335-3-8-.59 (Compliance with TR NOX Ozone Season Emissions Limitation), 335-3-8-.60 (Compliance with TR NOX Ozone Season Assurance Provisions), 335-3-8-.61 (Banking), 335-3-8-.62 (TR NOX Ozone Season Trading Program – Account Error), 335-3-8-.63 (TR NOX Ozone Season Trading Program – Administrator’s Action on Submissions), 335-3-8-.65 (General Monitoring, Recordkeeping, and Reporting Requirements), 335-3-8-.66 (Initial Monitoring System Certification and Recertification Procedures), 335-3-8-.67 (Monitoring System Out-of-Control Periods), 335-3-8-.68 (Notifications Concerning Monitoring), 335-3-8-.69 (Recordkeeping and Reporting), 335-3-8-.70 (Petitions for Alternatives to Monitoring, Recordkeeping, or Reporting Requirements).

SUBSTANCE OF PROPOSED ACTION:

Revisions to the Division 3 Code are being proposed to amend Rules 335-3-8-.39, 335-3-8-.41, 335-3-8-.42, 335-3-8-.43, 335-3-8-.45, 335-3-8-.46, 335-3-8-.48, 335-3-8-.49, 335-3-8-.50, 335-3-8-.51, 335-3-8-.52, 335-3-8-.53, 335-3-8-.55, 335-3-8-.56, 335-3-8-.57, 335-3-8-.58, 335-3-8-.59, 335-3-8-.60, 335-3-8-.61, 335-3-8-.62, 335-3-8-.63, 335-3-8-.65, 335-3-8-.66, 335-3-8-.67, 335-3-8-.68, 335-3-8-.69, and 335-3-8-.70 in


order to incorporate amendments to provisions for the control of nitrogen oxides emissions from specified categories as required by the Environmental Protection Agency's Cross-State Air Pollution Rule (CSAPR) as revised on October 26, 2016 (81 FR 74504). This adoption allows the Department to retain State primacy in the implementation of the regulations. Revisions to this Chapter are proposed to be incorporated into Alabama's SIP.

TIME, PLACE, MANNER OF PRESENTING VIEWS:

Comments may be submitted in writing or orally at a public hearing to be held 10:00 a.m., March 8, 2017, in ADEM Hearing Room, 1400 Coliseum Blvd., Montgomery, Alabama 36110.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: March 10, 2017

CONTACT PERSON AT AGENCY: Larry Brown (334) 271-7878



Lance R. Lefleur
Director

335-3-8-.46 TR NO_x Ozone Season Allowance Allocations.

(1) State Ozone Season Trading Program Budget. The State trading budget for annual allocations of Transport Rule (TR) NO_x ozone season allowances for the control periods 2017 and thereafter is ~~31,499~~ 13,211 tons.

(2) Timing Requirements for NO_x Ozone Season Allowance Allocations.

(a) By June 1, 2016, the Department will submit to the Administrator, in a format prescribed by the Administrator, the NO_x ozone season allowance allocations, in accordance with paragraph (3) of this rule, for the control periods in 2017 and 2018.

(b) By June 1, 2017, the Department will submit to the Administrator, in a format prescribed by the Administrator, the NO_x ozone season allowance allocations, in accordance with paragraph (3) of this rule, for the control periods in 2019 and 2020.

(c) By June 1, 2018, the Department will submit to the Administrator, in a format prescribed by the Administrator, the NO_x ozone season allowance allocations, in accordance with paragraph (3) of this rule, for the control periods in 2021 and 2022.

(d) By June 1, 2019, and every other year thereafter, the Department shall submit to the Administrator, in a format prescribed by the Administrator, the NO_x ozone season allowance allocations, in accordance with paragraph (3) of this rule, for the control periods in the two years that are four and five years after the year of the applicable deadline for submission under this paragraph.

(3) NO_x Ozone Season Allowance Allocations.

(a) Definitions. For the purpose of this rule, the following definitions apply:

1. Baseline TR NO_x Ozone Season Unit. A TR NO_x ozone season unit that either:

(i) Commenced operation on or before May 1, 2014; or

(ii) Submitted a permit application to the Department that was affirmatively deemed complete by the Department in writing on or before May 1, 2014.

2. New TR NO_x Ozone Season Unit. A TR NO_x ozone season unit that does not meet the definition of a Baseline TR NO_x ozone season unit as defined in subparagraph (3)(a)1. of this paragraph.

(b) Determination of Heat Input.

1. The heat input (in mmBtu) used for calculating TR NO_x ozone season allowance allocations under subparagraph (2)(a) of this rule that are to be submitted to the Administrator by June 1, 2016, will be:

(i) For a Baseline TR NO_x ozone season unit, the average of the three (or less, if applicable) highest amounts of the unit's heat input for the control periods, in which the unit operated, in 2010, 2011, 2012, 2013, and 2014; or

(ii) For a Baseline TR NO_x ozone season unit that did not commence operation on or before May 1, 2014, but had submitted a permit application to the Department that was affirmatively deemed complete by the Department in writing on or before May 1, 2014, the expected actual ozone season heat input based on actual utilization data of similar sources.

(iii) For a New TR NO_x ozone season unit, the expected actual ozone season heat input based on actual utilization data of similar sources.

2. The heat input (in mmBtu) used for calculating TR NO_x ozone season allowance allocations under subparagraph (2)(b) of this rule that are to be submitted to the Administrator by June 1, 2017, will be:

(i) For a Baseline TR NO_x ozone season unit, the average of the three (or less, if applicable) highest amounts of the unit's heat input for the control periods, in which the unit operated, in 2011, 2012, 2013, 2014, and 2015; or

(ii) For a Baseline TR NO_x ozone season unit that did not commence operation on or before May 1, 2015, but had submitted a permit application to the Department that was affirmatively deemed complete by the Department in writing on or before May 1, 2014, the expected actual ozone season heat input based on actual utilization data of similar sources.

(iii) For a New TR NO_x ozone season unit that commenced operation on or before May 1, 2015, the average of the three (or less, if applicable) highest amounts of the unit's heat input for the control periods, in which the unit operated in 2014 and 2015.

(iv) For a New TR NO_x ozone season unit that did not commence operation on or before May 1, 2015, the expected actual ozone season heat input based on actual utilization data of similar sources.

3. The heat input (in mmBtu) used for calculating TR NO_x ozone season allowance allocations under subparagraph (2)(c) of this rule that are to be submitted to the Administrator by June 1, 2018, will be:

(i) For a Baseline TR NO_x ozone season unit, the average of the three (or less, if applicable) highest amounts of the unit's heat input for the control periods, in which the unit operated in 2012, 2013, 2014, 2015, and 2016.

(ii) For a New TR NO_x ozone season unit that commenced operation on or before May 1 2016, the average of the three (or less, if applicable) highest

amounts of the unit's heat input for the control periods, in which the unit operated in 2014, 2015, and 2016.

(iii) For a New TR NO_x ozone season unit that did not commence operation on or before May 1, 2016, the expected actual ozone season heat input based on actual utilization data of similar sources.

4. The heat input (in mmBtu) used for calculating TR NO_x ozone season allowance allocations under subparagraph (2)(d) of this rule that are to be submitted to the Administrator by June 1, 2019, and all subsequent allocation years will be:

(i) For a Baseline TR NO_x ozone season unit, the average of the three (or less, if applicable) highest amounts of the unit's heat input for the control periods, in which the unit operated for the five most recent control periods available prior to the deadline submission year.

(ii) For a New TR NO_x ozone season unit that commenced operation prior to May 1 of the most recent control period available prior to the submission year, the average of the three (or less, if applicable) highest amounts of the unit's heat input for the control periods, in which the unit operated, for the five most recent control periods available prior to the submission year; or

(iii) For a New TR NO_x ozone season unit that did not commence operation prior to May 1 of the most recent control period available prior to the submission year, the expected actual ozone season heat input based on actual utilization data of similar sources.

5. The unit's total heat input for the control period in each year specified under subparagraph (b) of this paragraph will be determined in accordance with 40 CFR 75 if the TR NO_x ozone season unit was otherwise subject to the requirements of 40 CFR 75 for the year, or will be based on the best available data reported to the Administrator and the Department for the unit if the unit was not otherwise subject to the requirements of 40 CFR 75 for the year.

(c) Establishment of Baseline and Retired Unit Allowance Pools. At the time Transport Rule (TR) ozone season NO_x allowances are initially allocated to baseline TR NO_x ozone season units under subparagraph (2)(a) of this rule, each unit's allocation will be permanently recorded as that unit's "Baseline Allowance". This value will be used to calculate the following:

1. Baseline Allowance Pool. The Baseline Allowance Pool shall be calculated each time TR NO_x ozone season allowances are allocated under paragraph (2) of this rule and shall equal the State Ozone Season Trading Program Budget minus the total of the Baseline Allowances for all baseline TR NO_x ozone season units that have retired in accordance with 335-3-8-.41.

2. Retired Unit Allowance Pool. The Retired Unit Allowance Pool shall be calculated each time TR NO_x ozone season allowances are allocated under

paragraph (2) of this rule and shall equal the sum of the Baseline Allowances for all TR NO_x ozone season units that have retired in accordance with 335-3-8-.41.

(d) Maximum Historic Emission Cap. The maximum historic emission cap is identified by using an 8 year historic emission period for each TR NO_x ozone season unit. The last year of the 8 year period will be the same year as the last year used for determination of heat input under subparagraph (3)(b) of this paragraph. The maximum historic emission cap is the maximum NO_x emissions (in tons) that occurred during any control period during the 8 year historic emission period. Data used for this purpose shall be obtained from the EPA Clean Air Markets Division (CAMD). An additional emission cap may be applied if a TR NO_x ozone season unit has an enforcement action or permit limit in place. The 8 year historic emission values will update every two years to coincide with the allocation control period.

(e) Calculation of TR NO_x Ozone Season Allowances for Baseline TR NO_x Ozone Season Units.

1. For each control period under paragraph (2) of this rule, the Department will allocate TR NO_x ozone season allowances from the Baseline Allowance Pool to all baseline TR NO_x ozone season units in accordance with the following procedures:

(i) The Department will allocate TR NO_x ozone season allowances to each TR NO_x ozone season unit under 335-3-8-.40(1)(a) in an amount equaling the unit's share of the State's total 3 year average of heat input determined in accordance with subparagraph (b) of this paragraph, multiplied by the baseline allowance pool. If a TR NO_x ozone season unit has an initial historic heat input based allocation that exceeds its maximum historic emission cap as defined in subparagraph (3)(e) of this paragraph, then its allocation will equal the maximum historic emission cap for that TR NO_x ozone season unit.

(ii) Allocations remaining after the application of the maximum historic emission cap are reapportioned on the same basis to baseline TR NO_x ozone season units whose historic heat input based allocation does not exceed its maximum historic emission cap, if applicable. These steps are repeated until the entire Baseline Allocation Pool is allocated. The resulting TR NO_x ozone season allocation value is rounded to the nearest whole ton.

(f) Calculation of NO_x Allowances for New TR NO_x Ozone Season Units. For each control period under paragraph (2) of this rule, after calculating NO_x allowances for all baseline TR NO_x ozone season units that have not retired in accordance with 335-3-8-.41, the Department will allocate NO_x allowances in the Retired Unit Allowance Pool to all new TR NO_x ozone season units, in accordance with the following procedures:

1. For each new TR NO_x ozone season unit under 335-3-8-.40(1)(a), that commenced operation or submitted a permit application affirmatively deemed complete by the Department in writing on or before March 1 of the year

allocations are to be submitted to the Administrator under paragraph (2) of this rule, the number of TR NO_x ozone season allowances allocated for each applicable control period will be equal to the unit's share of the State's total 3 year average of heat input for all new TR NO_x ozone season units, determined in accordance with subparagraph (b) of this paragraph multiplied by the Retired Unit Allowance Pool. If a new TR NO_x ozone season unit has an initial historic heat input based allocation that exceeds its maximum historic emission cap as defined in subparagraph (3)(e) of this paragraph, then its allocation equals the maximum historic emission cap for that TR NO_x ozone season unit .

2. Allocations remaining after application of the maximum historic emission cap are reapportioned on the same basis to new TR NO_x ozone season units whose historic heat input based allocation does not exceed its maximum historic emission cap, if applicable. These steps are repeated until the entire Retired Unit Allowance Pool is allocated or until all new units receive allocations equal to its maximum historic emission cap. The resulting TR NO_x allocation value is rounded to the nearest whole ton.

(g) Adjustment of Baseline NO_x Allowance Allocations. If TR NO_x ozone season allowances remain in the Retired Unit Allowance Pool after allocations are made to all new TR NO_x ozone season units in accordance with subparagraph (g) of this paragraph, these NO_x allowances will be allocated on a pro rata basis to the baseline TR NO_x ozone season units where historic heat input based allocation does not exceed its maximum historic emission cap, for the applicable control periods.

(h) NO_x allowances allocated to baseline TR NO_x ozone season units based on heat inputs determined in accordance with subparagraph (b)1.(ii) or (b)2.(ii) of this paragraph will be held in the State's general account until the unit commences operation, prior to or during the control period for which NO_x allowances were allocated. If the unit does not commence operations, the NO_x allowances will be transferred by the Department pro rata to Baseline TR NO_x ozone season units that were allocated NO_x allowances in accordance with subparagraph (b)1.(i) or (b)2.(i) of this paragraph, and whose historic heat input based allocation does not exceed its maximum historic emission cap if applicable. By January 30 of the following year, the Department shall notify the Administrator of the appropriate NO_x allowance transfers.

1. NO_x allowances allocated to new TR NO_x ozone season units based on heat inputs determined in accordance with subparagraphs (b)1.(iii), (b)2.(iv), (b)3.(iii), or (b)4.(iii) of this paragraph will be held in the State's general account until the unit commences operation, prior to or during the control period for which NO_x allowances were allocated. If the unit does not commence operations, the NO_x allowances will be transferred by the Department pro rata to Baseline TR NO_x ozone season units that were allocated NO_x allowances in accordance with subparagraphs (b)1.(i) and (ii), (b)2.(i) and (ii), (b)3.(i), or (b)4.(i) of this paragraph, and whose historic heat input based allocation does not exceed its maximum historic emission cap if applicable. By January 30 of the

following year, the Department shall notify the Administrator of the appropriate NO_x allowance transfers.

2. NO_x allowances will not be allocated to TR NO_x ozone season units that retire under 335-3-8-.41 prior to the date NO_x allowance allocations are submitted to the Administrator under subparagraphs (2)(a), (b), (c), or (d) of this rule.

3. The total NO_x ozone season allowances allocated for any control period in accordance with subparagraphs (3)(f), and (g) of this paragraph shall not exceed the State Ozone Season Trading Program Budget as determined by the applicable, approved State Implementation Plan.

(i) Units Incorrectly Allocated TR NO_x Ozone Season Allowances. The procedures for addressing units that were incorrectly allocated TR NO_x Ozone Season allowances are incorporated by reference as they exist in 40 CFR §97.8511(c), Subpart BBBB as of July 1, 2015~~2016~~, and October 26, 2016 (81 FR 74504). (The materials incorporated by reference are available for purchase and inspection at the Department's offices.)

Author: Ronald W. Gore.

Statutory Authority: Code of Alabama 1975, §§22-28-10, 22-28-11, 22-28-14, 22-28-18, 22-28-20, 22-28-22, 22-22A-5, 22-22A-6, and 22-22A-8.

History: Effective Date: November 24, 2015;~~XXXXXX~~, 2017.

**ECONOMIC IMPACT STATEMENT
FOR APA RULE
(Section 41-22-23 (f))**

Control No. 335 Department or Agency Environmental Management
Rule No: 335-3-8-.39; 335-3-8-.41; 335-3-8-.42; 335-3-8-.43; 335-3-8-.45; 335-3-8-.46; 335-3-8-.48; 335-3-8-.49; 335-3-8-.50; 335-3-8-.51; 335-3-8-.52; 335-3-8-.53; 335-3-8-.55; 335-3-8-.56; 335-3-8-.57; 335-3-8-.58; 335-3-8-.59; 335-3-8-.60; 335-3-8-.61; 335-3-8-.62; 335-3-8-.63; 335-3-8-.65; 335-3-8-.66; 335-3-8-.67; 335-3-8-.68; 335-3-8-.69; 335-3-8-.70

Rule Title: TR NO_x Ozone Season Trading Program – Purpose and Definitions; TR NO_x Ozone Season Trading Program – Retired Unit Exemption; TR NO_x Ozone Season Trading Program – Standard Requirements; TR NO_x Ozone Season Trading Program – Computation of Time; NO_x Ozone Season Trading Budgets and Variability Limits; TR NO_x Ozone Season Allowance Allocations; Authorization of Designated Representative and Alternate Designated Representative; Responsibilities of Designated Representative and Alternate Designated Representative; Changing Designated Representative and Alternate Designated Representative; Changes in Owners and Operators; Changes in Units at the Source; Certificate of Representation; Objections Concerning Designated Representative and Alternate Designated Representative; Delegation by Designated Representative and Alternate Designated Representative; Establishment of Compliance Accounts, Assurance Accounts, and General Accounts; Recordation of TR NO_x Ozone Season Allowance Allocations and Auction Results; Submission of TR NO_x Ozone Season Allowance Transfers; Recordation of TR NO_x Ozone Season Allowance Transfers; Compliance with TR NO_x Ozone Season Emissions Limitation; Compliance with TR NO_x Ozone Season Assurance Provisions; Banking; TR NO_x Ozone Season Trading Program – Account Error; TR NO_x Ozone Season Trading Program – Administrator’s Action on Submissions; General Monitoring, Recordkeeping, and Reporting Requirements; Initial Monitoring System Certification and Recertification Procedures; Monitoring System Out-of-Control Periods; Notifications Concerning Monitoring; Recordkeeping and Reporting; Petitions for Alternatives to Monitoring, Recordkeeping, or Reporting Requirements

 New X Amend Repeal Adopt by Reference

 This rule has no economic impact.

 X This rule has an economic impact, as explained below:

Impact of Revisions to Chapter 335-3-8

The amendment of Rules 335-3-8-.39, 335-3-8-.41, 335-3-8-.42, 335-3-8-.43, 335-3-8-.45, 335-3-8-.46, 335-3-8-.48, 335-3-8-.49, 335-3-8-.50, 335-3-8-.51, 335-3-8-.52; 335-3-8-.53, 335-3-8-.55, 335-3-8-.56, 335-3-8-.57, 335-3-8-.58, 335-3-8-.59, 335-3-8-.60, 335-3-8-.61, 335-3-8-.62, 335-3-8-.63, 335-3-8-.65, 335-3-8-.66, 335-3-8-.67, 335-3-8-.68, 335-3-8-.69 and 335-3-8-.70 in Chapter 335-3-8 of the ADEM Administrative Code, will incorporate the revisions to

requirements of federal regulations, as required by the Environmental Protection Agency (EPA). Through the adoption of these regulations, the Alabama Department of Environmental Management is given primacy to implement the regulations at the state level. In the event that these regulations are not implemented by the State, the EPA will implement the requirements on the federal level.

1. NEED/EXPECTED BENEFIT OF RULE:

These revisions are necessary to incorporate EPA's provisions for the control of nitrogen oxide emissions from specified categories of stationary sources as revised on October 26, 2016 (81 FR 74504). EPA has made a finding that 27 States and the District of Columbia contributed significantly to nonattainment of the national ambient air quality standards (NAAQS) for fine particles (PM_{2.5}) and/or ozone in downwind States. EPA expects the benefit of this rule will assist the downwind PM_{2.5} and ozone nonattainment areas in achieving the NAAQS. Moreover, attainment will be achieved in a more equitable, cost-effective manner than if each nonattainment area attempted to achieve attainment by implementing local emissions reductions alone. EPA implemented CSAPR through a Federal Implementation Plan (FIP). As discussed above, adoption of the federal requirements through these regulations will allow the Department to retain State primacy in the implementation and enforcement of the regulations rather than defaulting to regulation by the federal government.

2. COST/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:

The cost/benefits of this Rule are provided in EPA's regulatory impact analysis and the promulgated Rule in 81 FR 74504.

The costs are equivalent to the cost of compliance with the same regulations implemented by the federal government. Sources of air pollution will be subject to the same requirements for installation of controls to prevent the emissions of air pollution regardless of which agency (state or federal) implements these regulations.

3. EFFECT OF THIS RULE ON COMPETITION:

As stated above, if the regulations are not implemented by the State of Alabama, they will be implemented on the federal level and Alabama companies will be required to comply with the federal regulations and answer directly to the federal Environmental Protection Agency.

4. EFFECT OF THIS RULE ON COST-OF-LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:

As stated above, if the regulations are not implemented and enforced by the State of

Alabama, they will be implemented on the federal level. Therefore, Alabama companies still would be required to comply with the federal regulations and answer directly to the federal Environmental Protection Agency.

5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:

Adoption of these federally required regulations is not expected to have any effect on the employment in the geographical area in which the regulation would be implemented (State of Alabama).

6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:

Moneys from the Federal Grant, and fines and fees collected by the Department will fund the adoption of this regulation. For sources subject to Title V of the Clean Air Act, as amended, fees are collected based on the amount of air pollution emitted annually.

7. THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT OF THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE:

As stated above, if the regulations are not implemented by the State of Alabama, they will be implemented on the federal level. Alabama companies would still be required to comply with the federal regulations and answer directly to the federal Environmental Protection Agency.

8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE BENEFITS AND BURDEN COMPARISON:

No additional burdens are expected as a result of the adoption of these regulations. If the regulations are not adopted by the State of Alabama, they will be implemented on the federal level. Alabama companies would still be required to comply with the federal regulations and answer directly to the federal Environmental Protection Agency.

9. THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC HEALTH:

The effect of the regulation on the environment and public health is addressed in the Federal Register (81 FR 74504), October 26, 2016, that is the basis for these proposed rules.

10. DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE

RULE IS NOT IMPLEMENTED:

The benefits of the proposed regulations have been discussed in the above paragraphs as well as the Federal Register (see No. 9). Through the adoption of these regulations, ADEM will have primacy to implement the regulations at the State level. In the event that the regulations are not adopted at the State level, the requirements will still exist at the federal level. However, it is generally acknowledged that regulations are implemented and enforced in a more effective and efficient manner at the State level than at the federal level.