APPENDIX 7
NITROGEN OXIDE EMISSIONS STANDARDS INCLUDING NOx RACT

OVERVIEW OF NITROGEN OXIDE REQUIREMENTS

Steam generating units for which construction, modification, or reconstruction commences after June 9, 1989, and that have a maximum design heat input capacity of 100 million Btu/hr or less, but greater than or equal to 10 million Btu/hr are to comply with 40 CFR Part 60, Subpart Dc. Steam generating units for which construction, modification, or reconstruction commences after June 19, 1984, and that have a heat input from fuels combusted in the steam generating unit of greater than 100 million Btu/hr are to comply with 40 CFR Part 60, Subpart Db. Electric utility steam generating units for which construction or modification commences after September 18, 1978, and that are capable of combusting more than 250 million Btu/hr heat input of fossil fuel are to comply with 40 CFR Part 60, Subpart Da. Furthermore, all coal, gas, or oil-fired boilers in the State with a capacity of 250 million Btu or more are required to comply with **15A NCAC 2D .0519**, Control of Nitrogen Dioxide and Nitrogen Oxide Emissions.*

Nitric acid plants for which construction or modification commences after August 17, 1971, are to comply with 40 CFR Part 60, Subpart G. In addition, all nitric acid plants and sulfuric acid plants are required to comply with **15A NCAC 2D .0519**.

*Thom Allen to Ed Martin, "Re: NSPS," 5 Apr. 2000 (e-mail).

In addition to the above requirements, Rule **15A NCAC 2D .1416**, Seasonal Emission Rates for Boilers at Utility Companies, limits emissions of nitrogen oxides from Carolina Power & Light Company's and Duke Power Company's facilities with coal-fired boilers for the ozone season. (The ozone season is the period beginning May 1 through September 30, except for 2004 when it is May 31 through September 30.) Rule **15A NCAC 2D .1417**, Seasonal Emission Rates for Large Combustion Sources, limits emissions from the following sources that were permitted before November 1, 2000:

(1) stationary boilers, combustion turbines, or combined cycle systems serving a generator with a nameplate capacity greater than 25 megawatts electrical and selling any amount of electricity; and

(2) fossil fuel-fired stationary boilers, combustion turbines, or combined cycle systems having a maximum design heat input greater than 250 million Btu per hour that are not covered under Subparagraph (1) of this Paragraph.

Rule **15A NCAC 2D .1418**, New Electrical Generating Units, Large Boilers, and Large I/C Engines, applies to these types of sources that are permitted after October 31, 2000.

Rule **15A NCAC 2D .1409**, Stationary Internal Combustion Engines, limits emissions of nitrogen oxides from large internal combustion engines at three Transcontinental Gas Pipeline stations. These engines are identified in **15A NCAC 2D .1407(b)**.

The rules for nitrogen oxides contained in Section **15A NCAC 2D .1400**, Nitrogen Oxides, are also part of the continency plan for the ozone maintenance areas. Rules in this Section could be implemented in ozone maintenance areas if a violation of the ozone standard is measured. They would be implemented according to the procedures in **15A NCAC 2D .1402**, Applicability.

OVERVIEW SECTION 15A NCAC 2D .1400, NITROGEN OXIDES

Section **15A NCAC 2D .1400**, Nitrogen Oxides, contains the rules regulating the emissions of nitrogen oxides from stationary sources in North Carolina. Rules in this Section cover two types of programs. They are:

1. the contingency plan for the three ozone maintenance areas, and
2. the nitrogen oxides (NOx) state implementation plan (SIP) call in 40 CFR Part 51.121.

These two programs are described below, and the parts of Section **15A NCAC 2D .1400** that applies to each are identified.

Contingency Plan

Contingency plans were included as part of North Carolina's ozone maintenance plans. Part of these contingency plans was a provision to implement preadopted emission standards for sources of nitrogen oxides in the maintenance areas. These standards are reasonably available control technology (RACT) and would apply to existing sources of nitrogen oxides.

The provisions in Section 15A NCAC 2D .1400 that are part of this contingency plan are:

15A NCAC 2D .1401, Definitions.

15A NCAC 2D .l402, Applicability, Paragraphs (a), (d), (e), (f), (g), and (h). Paragraph (a) identifies the period that the rules are applicable, which is May 1 through September 30. Paragraph (d) identifies the three ozone maintenance areas. Paragraphs (e), (f), and (g) describes how and when the rules in this Section are to be implemented for sources in the maintenance areas. Paragraph (h) identifies activities that are exempted from this Section.

15A NCAC 2D .1403, Compliance Schedules, Paragraphs (a), (b), (c), and (f). This Rule provides a compliance schedule for sources that are required to comply with rules in this Section, once the contingency plan for the control of nitrogen oxides is implemented. Paragraph (a) states that this Rule applies to sources covered under the contingency plan. Paragraph (b) contains the compliance schedule. Paragraph (c) requires reporting the progress in meeting each increment in the compliance schedule. Paragraph (f) requires new sources in an ozone maintenance area to be in compliance with the emission standards in this Section upon start-up, once the contingency plan has been implemented in that area for that category of source.

15A NCAC 2D .1404, Recordkeeping: Reporting: Monitoring, Paragraphs (a) through (f), and (i) through (l). This Rule sets out the general recordkeeping, reporting, and monitoring requirements for sources covered under Section **15A NCAC 2D .1400.** Paragraph (a) requires sources to comply with the monitoring, recordkeeping, and reporting requirements contained in this Section and Section **15A NCAC**

2D .0600, Monitoring: Recordkeeping: Reporting. Paragraph (b) requires the submittal of information necessary to determine compliance when requested by the Director. Paragraph (c) deals with reporting excess emissions. Paragraph (d) incorporates by reference the specifications that continuous emission monitors have to meet. For sources covered solely under the contingency plan, monitors and monitoring procedures meeting the specifications of either 40 CFR Part 75, Subpart H or 40 CFR Part 60, Appendix B, Specification 2 and Appendix F may be used. Paragraph (e) explains how to supply missing data. Paragraph (f) describes the quality assurance program for continuous emissions monitors. Paragraph (i) defines the averaging time, which is a 24-hour block average. Paragraph (j) describes how heat input is to be determined. Paragraph (k) requires source testing to be used to determine compliance when continuous emissions monitors are not used. Paragraph (l) provides procedures for requesting and approving alternative monitoring and reporting. The procedures in Rule **15A NCAC 2D .0612**, Alternative Monitoring and Reporting Procedures are used.

15A NCAC 2D .1407, Boilers and Indirect-Fired Process Heaters. This Rule specifies the emission standards and requirements for fossil fuel-fired boilers with a heat input rate less than or equal to 250 million Btu per hour and for indirect-fired process heaters and non-fossil fuel-fired boilers. Implementation of the contingency plan would extend this Rule to these types of combustion sources. (This Rule does not apply to boilers and process heaters that are not required to have a permit.)

15A NCAC 2D .1408, Stationary Combustion Turbines. This Rule specifies the emission standards and requirements for stationary combustion turbines with a heat input rate greater than 100 million Btu per hour but less than or equal to 250 million Btu per hour. Implementation of the contingency plan would extend this Rule to stationary combustion turbines.

15A NCAC 2D .1409, Stationary Internal Combustion Engines. This Rule specifies the emission standards and requirements for stationary internal combustion engines with a rated capacity of 650 horsepower or more and that is not covered under Rule **15A NCAC 2D .1418**, New Electric Generating Units, Large Boilers, and Large I/C Engines. Implementation of the contingency plan would extend this Rule to stationary internal combustion engines. (Several large engines identified in Paragraph (b) of this Rule are required to comply with emission caps specified in this Rule as part of the NOx SIP call. Paragraphs (b), (d), and

(g) are specific to the NOx SIP call. Paragraphs (a), (c), (e), and (f) are specific to the contingency plan.)

15A NCAC 2D .1410, Emission Averaging. This Rule provides an option of using an emission averaging plan to comply with the requirements of Section **15A NCAC 2D .1400.** However, sources covered under Rules 15A **NCAC 2D .1416, .1417,** or **.1418** or using fuel switching or an alternative limitation cannot participate in the emission averaging plan.

15A NCAC 2D .1411, Seasonal Fuel Switching. This Rule allows coal-fired boilers and oil-fired boilers to comply by switching to natural gas during the ozone season. Sources covered under Rules **15A NCAC 2D .1416, .1417,** or **.1418** are not allowed to use the fuel switching provisions of this Rule.

15A NCAC 2D .1412, Petition for Alternative Limitations. This Rule allows the owner or operator of existing sources covered under Rule **15A NCAC 2D .1407, .1408,** or **.1409** to petition for alternative emission control level. To petition for an alternative control level, the owner or operator has to show that the requirement of **15A NCAC 2D .1407, .1408**, or **.1409** is not reasonably available control technology (RACT) for the source. The owner or operator has to determine RACT for this source, which the source has to meet. If a source is required to comply with best available control technology (BACT) under the prevention of significant deterioration (PSD) program, then BACT may be substituted for RACT.

15A NCAC 2D .1413, Sources Not Otherwise Listed in This Section. This Rule requires sources at a facility that has the potential to emit 100 tons per year or more nitrogen oxides or 560 pounds per calendar day or more beginning May 1 through September 30 for which there are no other applicable emission standards under Section **15A NCAC 2D .1400** to apply RACT.

15A NCAC 2D .1414, Tune-Up Requirements. This Rule contains the procedures for the annual tune-up requirements for boilers and indirect-fired process heaters with a maximum heat input of less than or equal to 50 million Btu per hour and infrequently operated internal combustion engines. The tune-up requirement for these boilers and indirect-fired process heaters is in Rule **15A NCAC 2D .1407.** For engines, it is in **15A NCAC 2D .1409**.

15A NCAC 2D .1415, Test Methods and Procedures. This rule describes the test methods and procedures to use when source testing is used to show compliance.

15A NCAC 2D .1416 through **.1423** are not part of the contingency plan.

Nitrogen Oxides State Implementation Plan Call

Several rules in Section **15A NCAC 2D .1400** have been amended and several rules have been added to this Section to comply with the requirements of 40 CFR 51.121. Electric generating units with a nameplate capacity greater than 25 megawatts electrical and selling electricity; fossil fuel-fired stationary boilers, combustion turbines, or combined cycle systems with a maximum design heat input greater than 250 million Btu per hour; and large stationary internal combustion engines are covered under the nitrogen oxide (NOx) state implementation plan (SIP) call.

The provisions in Section **15A NCAC 2D .1400** that are part of the NOx SIP call are:

15A NCAC 2D .1401, Definitions.

15A NCAC 2D .1402, Applicability, Paragraphs (a), (b), (c), and (h). Paragraph (a) identifies the period that the rules are applicable, which is May 1 through September 30. Paragraph (b) states the Rules **15A NCAC 2D .1416** through **.1423** apply statewide. Paragraph (c) requires large stationary internal combustion engines to comply with the requirements in **15A NCAC 2D .1409**, Stationary Internal Combustion Engines. Paragraph (h) identifies activities that are exempted from this Section. However, except for Subparagraph (h)(5) in the temporary rules (Subparagraph (h)(7) in the permanent rules), none of these exemptions apply to any source that are covered under Rule **15A NCAC 2D .1416**, Emission Allocations for Utility Companies, **.1417**, Emission Allocations for Large Combustion Sources, or **.1418**, New Electric Generating Units, Large Boilers, and Large I/C Engines.

15A NCAC 2D .1403, Compliance Schedules, Paragraphs (a), (d), (e), and (f). This Rule provides a compliance schedule for sources that are covered under the NOx SIP call that may have to make source modifications or install control technology or continuous emissions monitoring systems. Paragraph (a) states that this Rule applies to sources covered under Rules **15A NCAC 2D .1416** or **.1417.** Paragraph (d) contains the compliance schedules for sources at the utility companies. These sources are identified Rule **15A NCAC 2D .1416.** Paragraph (e) provides compliance schedules for the combustion sources identified in Rule **15A NCAC 2D .1417**. Both Paragraph (d) and (e) require the owner or operator of each covered source to submit by October 1, 2003 a

description of how the source will comply and an estimate of the number of tons of emission that the source anticipates obtaining through the nitrogen oxide budget trading program. If a permit modification is necessary, these paragraphs require permit applications to be submitted early enough so that the permit can be issued and the source modifications can be made in time to meet the requirements of Rule **15A NCAC 2D .1416** or **.1417.** These Paragraphs also require permit applications to be submitted, if necessary, to install and implement any required monitoring, recordkeeping, and reporting requirements. If no permit application is submitted, the Director shall modify the source's permit to insert the necessary monitoring, recordkeeping, and reporting requirements. Paragraph (f) requires news sources covered under Rule **15A NCAC 2D .1418** to comply with the emission standards in this Rule upon start-up.

15A NCAC 2D .1404, Recordkeeping: Reporting: Monitoring, Paragraphs (a), (b), and (d) through (j). This Rule sets out the general recordkeeping, reporting, and monitoring requirements for sources covered under Section **15A NCAC 2D .1400.** Paragraph (a) requires sources to comply with the monitoring, recordkeeping, and reporting requirements contained in this Section and Section **15A NCAC 2D .0600**, Monitoring: Recordkeeping: Reporting. Paragraph (b) requires the submittal of information necessary to determine compliance when requested by the Director. Paragraph (d) incorporates by reference the specifications that continuous emission monitors have to meet. For sources covered under the NOx SIP call, i.e. under Rule **15A NCAC 2D .1416**, **.1417**, or **.1418** (except internal combustion engines), monitors and monitoring procedures have to meet the specifications of 40 CFR Part 75, Subpart H. Paragraph (e) explains how to supply missing data. For sources using continuous emission monitors that meet the requirements of 40 CFR Part 75, the procedures in 40 CFR Part 75 are used to supply missing data. Paragraph (f) describes the quality assurance program for continuous emissions monitors. If the monitor is required to meet 40 CFR Part 75, Subpart H, the quality assurance and quality control requirements of 40 CFR Part 75, Subpart H are used. Paragraph (g) requires sources covered under Rule **15A NCAC 2D .1416, .1417,** and **.1418** to submit a mid-season and end-of-season report on the tons of nitrogen oxides emitted. (This Paragraph is not a requirement of the NOx SIP call and differs from the reporting involved with the nitrogen oxide budget trading program. Its purpose is to provide the Division of Air Quality information on the quantity of nitrogen oxides being emitted

during the ozone season.) Paragraph (h) requires sources covered under Rule **15A NCAC 2D .1416**, **.1417**, or **.1418** to comply with the recordkeeping and reporting requirements of 40 CFR Part 96, Budget Trading Program for State Implementation Plans. Paragraph (i) defines the averaging time. For sources covered under Rule **15A NCAC 2D .1416, .1417**, or **.1418**, the averaging time is that specified in 40 CFR Part 75. Paragraph (j) describes how heat input is to be determined. For sources covered under Rule **15A NCAC 2D .1416, .1417**, or **.1418**, the procedures in 40 CFR Part 75 are used.

15A NCAC 2D .1409, Emission Allocations for Utility Companies, Paragraphs (b), (d), and (g). This Rule requires several large stationary internal combustion engines identified in this Rule to comply with an emission cap. Paragraph (b) lists the covered engines and specifies their emission caps. Paragraph (d) describes the monitoring requirements. Paragraph (g) allows compliance to be achieved via intra-plant trading.

15A NCAC 2D .1416, Emission Allocations for Utility Companies. This Rule sets out the emission allocations for Carolina Power & Light Company and Duke Power Company. Each source at their coal-fire power plants is given emission allocations. Furthermore, each company must also meet a company-wide emission cap. Thus, each company has two standards to meet: an emission allocation for each source (this standard is the one of interest to the EPA) and a company-wide emission cap (this standard is beyond the basic requirements of the NOx SIP call). The company-wide emission cap is the sum of the source emission allocations. The emission allocations are in Paragraphs (a) and (b). Paragraph (a) contains the emission allocations that are to be met before the EPA revises the nitrogen oxide budget for North Carolina. Paragraph (b) contains the emission allocations that are to be met after the EPA revises the nitrogen oxide budgets for North Carolina. Paragraph (c) requires the Director of DAQ to post the emission allocations of sources covered under this Rule on the Division's web page. Paragraph (d) allows the use of the nitrogen oxide trading program to comply with this Rule. Paragraph (e) requires the use of continuous emission monitors that meet the requirements of 40 CFR Part 75, Subpart H. Paragraph (f) requires emission control devices and techniques installed to comply with this Rule to be operated during the ozone season in the manner in which they are designed and permitted to operate. (This Paragraph goes beyond the minimum requirements of the trading program.) Paragraph (g) describes how violations are to be determined. Paragraph (h) states that the modification or reconstruction of a source covered under this Rule does

not make that source a “new” source under this Rule. (Such modification or reconstruction could make the source a “new” source under other rules, such as new source performance standards or prevention of significant deterioration.) The modified or reconstructed source retains its emission allocations. Paragraph (i) states that the Environmental Management Commission may specify through rulemaking a specific emission limit lower than that established under this Rule for a specific source if compliance with the lower emission limit is required as part the state implementation plan to attain or maintain the ambient air quality standard for ozone.

15A NCAC 2D .1417, Emission Allocations for Large Combustion Sources. This Rule applies to (1) fossil fuel-fired stationary boilers, combustion turbines, or combined systems serving a generator with a nameplate capacity greater than 25 megawatts electrical and selling any amount of electricity and (2) fossil fuel-fired stationary boilers, combustion turbines, or combined cycle systems having a maximum design heat input greater than 250 million Btu per hour. It does not apply to sources permitted after October 31, 2000, or sources listed in Rule **15A NCAC 2D .1416**. Paragraph (a) identifies the sources covered under this Rule. Paragraph (b) contains the emission allocations for the sources covered under this Rule. If a source is covered under this Rule, but is not listed in the tables in Paragraph (b) with a specific emission allocation, it has an emission allocation of zero. Paragraph (b) contains the emission allocations that are to be met before the EPA revises the nitrogen oxide budget for North Carolina. It also contains the emission allocations that are to be met after the EPA revises the nitrogen oxide budgets for North Carolina. Paragraph (c) requires the Directors of DAQ to post the emission allocations of sources covered under this Rule on the Division’s web page. Paragraph (d) allows the use of the nitrogen oxide trading program to comply with this Rule. Paragraph (e) requires the use of continuous emission monitors that meet the requirements of 40 CFR Part 75, Subpart H. Paragraph (f) requires emission control devices and techniques installed to comply with this Rule to be operated during the ozone season in the manner in which they are designed and permitted to operate. (This Paragraph goes beyond the minimum requirements of the trading program.) Paragraph (g) describes how violations are to be determined. Paragraph (h) states that the modification or reconstruction of a source covered under this Rule does not make that source a “new” source under this source. (Such modification or reconstruction could make the source a “new” source under other rules, such as new source

performance standards or prevention of significant deterioration.) The modified or reconstructed source retains its emission allocations. In addition, if a source covered under this Rule is replaced by a new source, the new source keeps the replaced source's emission allocations. Furthermore, if ownership of the source changes, the allocation remains with the source. Paragraph (i) states that the Environmental Management Commission may specify through rulemaking a specific emission limit lower than that established under this Rule for a specific source if compliance with the lower emission limit is required as part the state implementation plan to attain or maintain the ambient air quality standard for ozone.

15A NCAC 2D .1418, New Electric Generating Units, Large Boilers, and Large I/C Engines. This Rule establishes emission standards for large new combustion sources. Paragraph (a) establishes emission standards for electric generating units, i.e., fossil fuel-fired stationary boilers, combustion turbines, and combined cycle systems, permitted after October 31, 2000, serving a generator with a nameplate capacity greater than 25 megawatts electrical and selling any amount of electricity. The allowable rate for these sources is 0.15 pounds per million Btu or less for gaseous or solid fuels and 0.18 pounds per million Btu or less for liquid fuels. Paragraph (b) establishes emission standards for fossil fuel-fired stationary boilers, combustion turbines, and combined cycle systems permitted after October 31, 2000, with maximum design heat input greater than 250 million Btu per hour, and not covered under Paragraph (a). The allowable rate for these sources is 0.17 pounds per million Btu or less or solid fuels and 0.18 pounds per million Btu or less for liquid fuels. Paragraph (c) establishes emission standards for large stationary reciprocating internal combustion engines. The allowable rate for these sources is that specified in Rule **15A NCAC 2D .1423**, Large Internal Combustion Engines, or less. Paragraph (d) requires the emissions from these sources to be monitored with continuous emissions monitors that meet the requirements of 40 CFR Part 75, Subpart H. Paragraph (e) requires these sources to obtain emission allocations through the nitrogen oxide budget trading program sufficient to offset their emissions of nitrogen oxides if emission allocations obtained under Rule **15A NCAC 2D .1421**, Allocations for New Growth of Major Point Sources, are insufficient to offset the emissions. (The emission standards in Paragraphs (a), (b), and (c) of this Rule are beyond the minimum requirements of the EPA NOx SIP call.)

15A NCAC 2D .1419, Nitrogen Oxide Budget Trading Program. This Rule describes the nitrogen oxide budget trading program and the procedures for using this program. Paragraph (a) contains the definitions for terms used in this Rule. The definitions contained in 40 CFR 96.2 are incorporated by reference except for the definition of "permitting agency" and "fossil fuel fired." Paragraph (b) allows sources covered under Rule **15A NCAC 2D .1416** or **.1417** to comply with those rules through the nitrogen oxide budget trading program, provided the procedures and requirements of 40 CFR Part 96, Budget Trading Program for State Implementation Plans, are complied with. However, the permitting procedures and schedules in Subchapter **15A NCAC 2Q**, Air Quality Permits Procedures, are used instead of those in 40 CFR Part 96. Also, the schedules for installing and beginning operation of continuous emission monitors contained in Section **15A NCAC 2D .1400** are followed instead of the schedules in 40 CFR Part 96. Paragraph (c) allows sources covered under Rule **15A NCAC 2D .1418** to comply with Rule **15A NCAC 2D .1418** through the nitrogen oxide budget trading program, provided the procedures and requirements of 40 CFR Part 96 are complied with. However, the permitting procedures and schedules in Subchapter **15A NCAC 2Q** are used instead of those in 40 CFR Part 96. Also, the schedules for installing and beginning operation of continuous emission monitors contained in Section **15A NCAC 2D .1400** are followed instead of the schedules in 40 CFR Part 96. Paragraph (d) allows stationary internal combustion engines and sources not covered under Rule **15A NCAC 2D .1416, .1417**, or **.1418** to opt into the nitrogen oxide budget trading program by following the procedures and requirements of 40 CFR Part 96, Subpart I. Paragraph (e) requires the Director and DAQ to follow the procedures in 40 CFR Part 96 in reviewing permit applications and issuing permits for NOx Budget sources, in approving or disapproving monitoring systems for NOx Budget sources, and in taking enforcement action against NOx Budget sources. The provisions of 40 CFR Part 96 pertaining to early reduction credits do not apply. (The granting of early reduction credits is covered under Rule **15A NCAC 2D .1422.**) Paragraph (f) requires the Director to inform the EPA of emission allocations and changes in emission allocations according to the procedures in 40 CFR Part 96. Rules **15A NCAC 2D .1416, .1417**, and **.1420** are followed for emission allocations instead of 40 CFR Part 96. Rule **15A NCAC 2D .1421**, Allocation for New Growth of Major Point Sources, is used for establishing emission set-asides and granting these set-aside emission allocations to new sources instead of 40 CFR Part 96. Rule **15A NCAC 2D**

.1422, Compliance Supplement Pool and Early Emissions Reduction Credits, is followed for distributing the compliance supplement pool instead of 40 CFR Part 96. Paragraph (g) authorizes the EPA to administer the nitrogen oxides budget trading program under 40 CFR Part 96 on behalf of North Carolina. It also requires the Director to provide the EPA the information necessary under 40 CFR Part 96 to administer the program. Furthermore, it requires the owner or operator of covered sources to establish an account, designate an authorized account representative, and comply with other requirements of 40 CFR Part 96 as necessary for the EPA to administer the trading program. Paragraph (h) places two restrictions on the use of the nitrogen oxides budget trading program. They are (1) emission allocations obtained from the trading program cannot be used to meet an emission limit if compliance with that emission limit is required as part of the state implementation plan to attain or maintain the ambient air quality ozone standard and (2) they cannot be used by sources covered under Rule **15A NCAC 2D .0531** (nonattainment area major new source review) to comply with Rule **15A NCAC 2D .0531.**

15A NCAC 2D .1420, Periodic Review and Reallocations. [Note: The description that follows is for the temporary rule. The permanent rule contains Paragraph (a), which is the same as Paragraph (a) in the temporary rule; Paragraph (b), which is essentially the same as Paragraph (c) in the temporary rule; and Paragraph (c), which is the same as Paragraph (g) in the temporary rule.] This Rule describes the procedures for periodic review of emission allocations and for revising emission allocations. Paragraph (a) requires the Environmental Management Commission to review the emission allocations of sources covered under Rules **15A NCAC 2D .1416, .1417**, and **.1418** in 2006 and every five years thereafter and decide if any revisions are needed. Paragraph (b) describes the procedures for calculating new emission allocations. Paragraph (c) allows sources with low emission rates to keep their old emission allocations if the new emission allocations are less than the old emission allocations. Paragraph (d) describes the procedures for adopting revised emission allocations. The Environmental Management Commission may adopt revised emission allocations without going through rulemaking. The Director is to put the revised emission allocations in the source's permit and to notify the EPA of the revision. Paragraph (e) requires a public hearing on the revised emission allocations before the Environmental Management Commission adopts them. Paragraph (f) allows sources three years to comply with the revised

emission allocations. Paragraph (g) requires the Director to post the revised emission allocations on the Division's web page.

15A NCAC 2D .1421, Allocation for New Growth of Major Point Sources. The Rule establishes an allocation pool from which emission allocations of nitrogen oxides may be allocated to sources permitted after October 31, 2000. It also establishes procedures for requesting allocations and for approving allocations. Paragraph (a) states the purpose of the Rule. Paragraph (b) identifies who is eligible for an allocation. Eligible sources are electrical generating units greater than 25 megawatts electric and fossil fuel-fired boilers, combustion turbines, and combined cycle systems with a maximum design heat input greater than 250 million Btu per hour permitted after October 31, 2000. Paragraph (c) sets out the procedures for requesting emission allocations. The request cannot exceed the lesser of the actual estimated emissions during the ozone season or estimated allowable emissions during the ozone season. Paragraph (d) describes the procedures for approving a request for emission allocations and granting emission allocations. Paragraph (e) describes the procedure for determining preseason preliminary emission allocations. (The preliminary emission allocation is primarily for the source's planning purposes and is not reported to the EPA.) Paragraph (f) describes the procedure for determining the final emission allocations. This determination is made at the end of the season, and this is the emission allocation that the source receives to offset its actual emission. It is the one reported to the EPA. The source receives the lesser of its actual emissions, its allowable emissions, and its preliminary allocation from the new source allocation pool. Paragraph (g) requires the Director to issue final allocations and to notify the source and EPA of the final allocations issued by November 1. Paragraph (h) contains the initial emission allocations in the allocation pool. Paragraph (i) requires the Director to make available credits from the inspection/ maintenance to the allocation pool each year beginning in 2008. [Note: Paragraph (i) in the permanent rule requires rulemaking to establish allocations for 2008 and later years and to remove reference to the inspection/maintenance program.] Paragraph (j) carries over any remaining emission allocations in the new source allocation pool to the next ozone season. Paragraph (k) states that once a source has made a request for a new source allocation, it does not have to resubmit that request in following years. Paragraph (l) notes that once a source receives an emission allocation under **15A NCAC 2D .1420**, it is no longer eligible for an allocation under **15A NCAC 2D .1421.**

15A NCAC 2D .1422, Compliance Supplement Pool and Early Emission Reduction Credits. This Rule sets out the procedures for allocating the compliance supplement pool under 40 CFR 51.121(e)(3). Allocations are given based on early reductions. Paragraph (a) states the purpose of the Rule. Paragraph (b) identifies who is eligible for emission allocations from the compliance supplement pool. Sources covered under Rule **15A NCAC 2D .1416** that can document a reduction in emissions of nitrogen oxides between September 30, 1999, and May 1, 2003, are eligible. Paragraph (c) describes how early reduction credits are created and how emission allocations from the compliance supplement pool can be used to offset emissions. Paragraph (d) sets out the procedures for requesting emission reduction credits. Paragraph (e) describes the procedures used by the Director to approve a request. Paragraph (f) gives the emission allocations in the compliance supplement pool. Paragraph (g) requires the two utility companies to submit an interim report in 2001 and 2002 containing information related to early reductions. Paragraph (h) requires the Director to record in the Division's database, early emission reduction credits earned. Paragraph (i) describes how emission reduction credits can be used. They can be used to offset emissions in excess of the emission allocations in Rule **15A NCAC 2D .1416** or **.1417.** Paragraph (j) requires the Director to report emission reduction credits used. Paragraph (k) sets out procedures for using compliance supplement pool credits in 2003. Paragraph (l) describes the procedures used to reduce the allocations for Carolina Power & Light Co. and Duke Power Co. if they do not earn enough early reductions to justify issuing all of the compliance supplement pool credits.

15A NCAC 1423, Large Internal Combustion Engines, establishes the emission limits and the monitoring, recordkeeping, and reporting requirements for large internal combustion engines covered Rule **15A NCAC 2D .1418.** Paragraph (a) identifies the sources covered under this Rule. Paragraph (b) gives the basic emission limitations. Paragraph (c) allows adjustments to be made to the basic emission limitations to account for engine efficiency. Paragraph (d) specifies the monitoring procedures to use. Paragraph (e) gives the reporting requirements. Paragraph (f) contains the recordkeeping requirements. Paragraph (g) identifies exemptions to the Rule.

15A NCAC 2D .1407; **.1408**; **.1409**(a), (c), (e), and (f); and **.1410** through **.1415** are not part of the NOx SIP call.

APPLICABILITY: 15A NCAC 2D .1402

Exemptions

Catalytic Oxidizers

Natural gas-fired catalytic oxidizers whose sole purpose is to control volatile organic compound emissions are exempt from the nitrogen oxide rules in Section **15A NCAC 2D .1400**. They are exempt under **15A NCAC 2D .1402(h)(2)**. *

*Thomas C. Allen to R. Keith Ogden, "Exemption of catalytic oxidizers from the nitrogen oxide rules," 20 June 2001 (letter).