

sources would be much more likely to find that cost-effective controls are available.

Therefore, in portions of 8-hour ozone nonattainment areas where major sources or source categories were previously reviewed and controls subsequently applied to meet the RACT requirement under the 1-hour standard, we propose that States may choose to accept the initial RACT analysis as meeting the RACT requirements for the 8-hour program and need not submit a new RACT SIP. At the time the State submits its attainment demonstration, it should submit a certification that it previously met the RACT requirement as part of its SIP revision. We also propose that a RACT determination would be necessary for major sources in any portion of the 8-hour nonattainment area that was not subject to an initial RACT program under the 1-hour standard. Furthermore, in cases where the initial RACT analysis under the 1-hour standard for a specific source or source category concluded that no additional controls were necessary, we propose that a new RACT determination is required. The new RACT determination is needed to take into account that newer, cost-effective control measures may have become available for sources that were not previously regulated. Thus, the State needs to reassess whether controls should be required. In addition, any major VOC or NO_x source that exists at the time of final rulemaking on implementation of the 8-hour ozone standard but that did not exist during a previous RACT determination must be subject to a RACT determination as part of the SIP for the 8-hour ozone standard.

5. Proposed Approach for NO_x RACT Determinations in Areas Affected by the NO_x SIP Call

All States submitting SIP revisions to meet the NO_x SIP Call (October 27, 1998, 63 FR 57356) have elected to require large boilers and turbines to comply with an emissions cap-and-trade program consistent with EPA's model cap-and-trade rule. As a result, all these sources are already subject to stringent control requirements. As described below, these sources collectively achieve more emissions reductions than would be required by application of RACT requirements to each source. Therefore, where a nonattainment area is located in a State with an EPA-approved cap-and-trade program, EPA proposes that sources subject to the cap-and-trade program already meet the NO_x RACT requirements.

In previously issued guidance concerning NO_x RACT for boilers and

turbines, EPA indicated that NO_x RACT for certain types of electricity generating units (EGUs) is equivalent to the title IV requirements and is the most effective level of combustion modification reasonably available (NO_x General Preamble at 57 FR 55625). In subsequent guidance, EPA further indicated that NO_x RACT should generally be expected to achieve approximately 30–50 percent reduction from uncontrolled levels.⁵⁶

Large boilers and turbines subject to the NO_x SIP Call cap-and-trade program are expected to achieve much greater emissions reductions than these NO_x RACT levels. The NO_x SIP Call base case assumes EGUs meet the title IV and/or RACT requirements. In the NO_x SIP Call control case, EGUs are expected to achieve a 64 percent reduction beyond the base case requirements (65 FR 11225). Thus, these EGUs are expected to reduce emissions by far greater amounts than would be required by a RACT program. Furthermore, the EGU emissions reductions comprise nearly 85 percent of the overall emissions reductions resulting from the NO_x SIP Call. The non-EGUs subject to the States' cap-and-trade program are expected to achieve a 60 percent reduction from uncontrolled levels (63 FR 57402). These non-EGU reductions are clearly beyond the 30–50 percent expected from a RACT program.

Because the NO_x SIP Call is a market-based program, there may be a few units that choose to meet those requirements simply by emissions trading, even though the vast majority of units affected by the NO_x SIP Call will install controls. In any nonattainment areas where this is the case, EPA believes that the overall emission reductions from sources in the NO_x SIP Call cap-and-trade program will achieve more emissions reductions in the nonattainment area than would application of RACT to each of those units.

In summary, the level of emissions reductions required by the NO_x SIP Call is far greater than the level of reductions achieved by controls we have determined to be NO_x RACT. Therefore, EPA believes the sources that comply with the NO_x SIP Call cap-and-trade program meet NO_x RACT requirements. Accordingly, EPA proposes that the State need not perform a NO_x RACT analysis for sources subject to the State's emission cap-and-trade program where the cap-and-trade program has been

approved by EPA as meeting the NO_x SIP Call requirements and need not submit a new NO_x RACT SIP for those sources. EPA invites comment on this approach.

As described in section 4, proposed approach for previous source-specific major source RACT determinations, States would need to make a RACT determination for major sources not subject to the cap-and-trade program. However, in cases where States have adopted controls consistent with the NO_x SIP Call for cement kilns (*i.e.*, 30 percent reduction), the State may choose to accept the NO_x SIP Call requirements as meeting the NO_x RACT requirements for the 8-hour standard and need not submit a new NO_x RACT SIP for those sources. As part of the NO_x SIP Call, EPA determined that highly cost-effective controls for cement kilns will achieve a 30 percent reduction and that many cement plants in the SIP Call region implemented such controls in State RACT programs (63 FR 57418). In its RACT SIP submission, the State should identify the cement plants that are subject to NO_x SIP Call controls and that, therefore, already meet RACT.

In addition, through the NO_x SIP Call or other programs (*e.g.*, NSR) States may have adopted control measures for specific NO_x sources that equal or exceed RACT requirements. For these sources, States may choose to submit, as part of its NO_x RACT SIP revision, documentation that the previously adopted control measure meets the RACT requirement, where applicable. Finally, in developing the NO_x SIP Call, States may have considered control measures for sources not in the cap-and-trade program—or may consider additional sources in responding to the second phase of the NO_x SIP Call. EPA's NO_x RACT guidance (NO_x General Preamble at 57 FR 55625) encourages States to develop RACT programs that are based on “areawide average emission rates.” Thus, States can submit a demonstration as part of their RACT submittal showing that the weighted average emission rate from sources in the nonattainment area subject to RACT—including sources reducing emissions to meet the NO_x SIP Call requirements—meet RACT requirements.

It should also be noted that this proposal in no way limits States' discretion to require beyond-RACT NO_x reductions from any source (including NO_x SIP Call sources) in a plan to demonstrate attainment of the health-based ozone standards. In certain areas, States may choose to require NO_x controls based on more advanced

⁵⁶ Memorandum of March 16, 1994, from D. Kent Berry re: “Cost-Effective Nitrogen Oxides (NO_x) Reasonably Available Control Technology (RACT).” U.S. Environmental Protection Agency, Research Triangle Park, North Carolina.