

REGULATION NO. 39
NITROGEN OXIDES (NO_x) BUDGET TRADING PROGRAM

12/11/00

Section 1 - Purpose

- a. This regulation establishes Delaware's participation in the *NO_x Budget Trading Program*. The *NO_x Budget Trading Program* is a multi-state *NO_x emissions cap and trade program*, established pursuant to Title 40, Part 96 of the Code of Federal Regulations (40 CFR Part 96) and 40 CFR Part 51.121. Its purpose is to reduce *emissions* of the ozone precursor *NO_x*.
- b. The goals of this regulation are to 1) improve air quality, 2) encourage *NO_x* reductions in Delaware, 3) help to satisfy rate of progress requirements under Section 182(c) of the CAA, and 4) help to satisfy Delaware's obligations under Section 110(a)(2)(D) of the CAA to not contribute to other states' non-attainment. The *Department* believes that, considering the regional nature of ozone nonattainment and the phenomena of ozone and ozone precursor transport, participation in the *NO_x Budget Trading Program* provides for an effective means to meet these goals, and an economical alternative to traditional command and control type regulations.
- c. This regulation establishes general, administrative, permitting, monitoring, compliance, penalty and opt-in provisions, that are consistent with 40 CFR Part 96, and allow the transfer of *NO_x allowances* for compliance with any *NO_x Budget unit* that is covered by this regulation or by the regulation of any other state participating in the *NO_x Budget Trading Program*.
- d. This regulation establishes a follow-on program to the program established by Regulation No. 37, *NO_x Budget Program*, of the State of Delaware "Regulations Governing the Control of Air Pollution." The program established by Regulation No. 37 ends with the end of the 2002 *NO_x control period*.

12/11/00

Section 2 - Emission Limitation

- a. Each *NO_x Budget unit* shall hold in its *compliance account* and/or its *overdraft account*, as of the *NO_x allowance transfer deadline* of each *control period*, a quantity of *NO_x allowances* available for *deduction* that is equal to or greater than the total *NO_x emissions* from that *NO_x Budget unit* for that *control period*.
- b. Each *NO_x Budget unit* shall be subject to the requirements of Section 2(a) of this regulation starting on the later of May 1, 2003 or the date the *unit commences operation*.

12/11/00

Section 3 - Applicability

- a. This regulation applies to:
1. Any *unit* located within the State of Delaware that:
 - i. Serves a *generator* with a *nameplate capacity* of 15 megawatts electrical (MWe), or greater; or
 - ii. Is not a *unit* under Section 3(a)(1)(i) of this regulation and that has a *maximum design heat input* capacity of 250 million British Thermal Units per hour (MMBTU/hr), or greater; or
 2. Any *unit* located in the State of Delaware that is issued a final *NO_x Budget permit* under Section 14 of this regulation; or
 3. Any person that establishes a *general account* pursuant to Section 15 of this regulation.
- b. Once any *unit* becomes a *NO_x Budget unit*, it shall remain subject to all of the requirements of this regulation, except as follows:
1. For any *NO_x Budget unit* that is retired, the *NO_x authorized account representative* may submit to the *Department*, with a copy to the *Administrator*, a statement indicating that *unit* is retired and that it shall comply with all of the provisions of Section 3(b) of this regulation.
 2. Upon receipt of the submission under Section 3(b)(1) of this regulation, the *Department* shall amend or cancel, as applicable, the *unit's NO_x Budget permit*.
 3. Except as provided for in Section 3(b)(7) of this regulation, an exemption from the requirements of this regulation shall be in effect on and after the date any *submission* is made pursuant to Section 3(b)(1) of this regulation.
 4. The *unit* shall not emit any NO_x while the exemption is in effect.
 5. The *NO_x authorized account representative* of the *unit*:
 - i. Shall comply with all of the requirements of this regulation concerning all periods for which the exemption is not in effect, even if such requirements arise, or must be complied with, after the exemption takes effect.
 - ii. Shall, except as provided for in Section 3(b)(5)(iii) of this regulation, comply with all of the requirements of this regulation except for the requirements of Sections 2, 7, 8 and 11 through 15 of this regulation.

iii. May, at his option and provided the *unit* does not receive an annual *allocation* under Appendix "A" of this regulation, request that the *Administrator* close the *NO_x Budget units compliance account* and establish and transfer any remaining *allowances* to a new *general account* for the *owner* and *operator* of the *NO_x Budget source*. The *NO_x authorized account representative* for the *NO_x Budget source* shall become the *NO_x authorized account representative* for that *general account*, and shall comply with all of the requirements of this regulation except for the requirements of Sections 2, 6, 7, 8, and 11 through 14 of this regulation.

6. For any *unit* identified in Section 3(a)(1) that receives an annual *allocation* under Appendix "A" of this regulation, that *unit* shall continue to receive that *allocation* as provided for in Section (c) of Appendix "A" of this regulation. Any *unit* identified in Section 3(a)(2) shall not receive an *allocation* under Section 14(f) of this regulation while the exemption is in effect.
7. If any *unit* exempted under Section 3(b) of this regulation is ever reactivated, upon reactivation, for the purposes of applying the requirements of Section 8 of this regulation, the *unit* shall be treated as a new *unit* that *commences operation* or *commences commercial operation* on the first date on which the *unit* resumes operation. Prior to *commencing operations*, the *NO_x authorized account representative* shall secure or amend, as applicable, a *NO_x Budget permit*.

12/11/00

Section 4 - Definitions

The terms used in this regulation shall have the meanings set forth in this section.

- a. *Administrator* means the *Administrator* of the United States Environmental Protection Agency or the *Administrator's* duly authorized representative.
- b. *Allocate* or *allocation* means the determination by the *Department* or the *Administrator* of the number of *NO_x allowances* to be initially credited to a *NO_x Budget unit*.
- c. *Allowance* means a *NO_x allowance* described in Section 5(a)(2) through 5(a)(4) of this regulation.
- d. *Automated data acquisition and handling system* means that component of the *continuous emission monitoring system*, or other *emissions monitoring system* approved for use pursuant to Section 8 of this regulation, designed to interpret and convert individual output signals from pollutant concentration monitors, flow monitors, diluent gas monitors, and other component parts of the *monitoring system* to produce a

continuous record of the measured parameters in the measurement *units* required by Section 8 of this regulation.

- e. CAA means the Clean Air Act, 42 U.S.C. 7401, et seq., as amended by Pub. L. No. 101-549 (November 15, 1990).
- f. *Commence commercial operation* means, with regard to a *unit* that serves a *generator*, to have begun to produce steam, gas, or other heated medium used to generate electricity for sale or use, including test generation.
 - 1. Except as provided in Section 3(b)(7) of this regulation, for a *unit* that is a *NO_x Budget unit* under Section 3(a)(1)(i) of this regulation on the date the *unit commences commercial operation*, such date shall remain the *unit's* date of commencement of commercial operation even if the *unit* is subsequently modified, reconstructed, or repowered.
 - 2. Except as provided in Section 3(b)(7) or Section 14 of this regulation, for a *unit* that is not a *NO_x Budget unit* on the date the *unit commences commercial operation*, the date the *unit* becomes a *NO_x Budget unit* shall be the *unit's* date of commencement of commercial operation.
- g. *Commence operation* means to have begun any mechanical, chemical, or electronic process, including, with regard to a *unit*, start-up of a *unit's* combustion chamber.
 - 1. Except as provided in Section 3(b)(7) of this regulation, for a *unit* that is a *NO_x Budget unit* under Sections 3(a)(1) of this regulation on the date the *unit commences operation*, such date shall remain the *unit's* date of commencement of operation even if the *unit* is subsequently modified, reconstructed, or repowered.
 - 2. Except as provided in Section 3(b)(7) or Section 14 of this regulation, for a *unit* that is not a *NO_x Budget unit* on the date the *unit commences operation*, the date the *unit* becomes a *NO_x Budget unit* shall be the *unit's* date of commencement of operation.
- h. *Common stack* means a single flue through which *emissions* from two or more pieces of equipment are exhausted.
- i. *Compliance account* means a *NATS account*, established by the *Administrator* for a *NO_x Budget unit* pursuant to Section 9 of this regulation, in which any *allocation* for the *NO_x Budget unit* is initially *recorded* and in which are held *NO_x allowances* available for deduction by the *NO_x Budget unit* for a *control period* for the purpose of meeting the *NO_x Budget unit's NO_x Budget emissions limitation*.
- j. *Continuous emission monitoring system (CEMS)* means the equipment

required pursuant to Section 8 of this regulation used to sample, analyze, measure, and provide, by readings taken at least once every 15 minutes of the measured parameters, a permanent record of NO_x emissions, expressed in pounds of NO_x per hour. The following systems are component parts included, to the extent required by Section 8 of this regulation, in a *continuous emission monitoring system*:

1. Flow monitor;
 2. NO_x pollutant concentration monitors;
 3. Diluent gas monitor (O₂ or CO₂);
 4. A continuous moisture monitor; and
 5. An *automated data acquisition and handling system*.
- k. *Control period* means the period beginning May 1 of a year and ending on September 30 of that same year, inclusive.
- l. *Deducted, Deduction, or Deduct NO_x Allowance* means the permanent withdrawal of NO_x allowances by the *Administrator* from a *NATS compliance account* or *overdraft account*, under Section 12 of this regulation, to account for the number of tons of NO_x emissions from a *NO_x Budget unit* for a *control period*, quantified in accordance with Section 8 of this regulation, or for any other allowance surrender obligation of this regulation.
- m. *Department* means the State of Delaware Department of Natural Resources and Environmental Control.
- n. *Emissions* means air pollutants exhausted from a *unit* or *source* into the atmosphere, as measured, recorded, and reported to the *Administrator* by the *NO_x authorized account representative* and as determined by the *Administrator* in accordance with Section 8 of this regulation.
- o. *Excess emissions* means any tonnage of NO_x emitted by a *NO_x Budget unit* during a *control period* that exceeds that *unit's NO_x Budget emissions limitation*.
- p. *General account* means a *NATS account*, established in accordance with Section 15 of this regulation, that is neither a *compliance account* nor an *overdraft account*.
- q. *Generator* means a device that produces electricity.
- r. *Heat input* means the product (in MMBTU/time) of the gross calorific value of the fuel (in MMBTU/lb) and the fuel feed rate into a combustion device (in lb of fuel/time), or as calculated by any other method approved by the *Department* and the *Administrator*, as measured, recorded, and reported to the *Administrator* by the *NO_x authorized account representative* and as determined by the *Administrator* in accordance with Section 8 of this regulation, and does not include the heat derived from preheated combustion air, recirculated flue gases, or exhaust from other sources.

- s. *Hold NO_x allowances* or *NO_x allowances held* means the *NO_x allowances* recorded by the *Administrator*, or submitted to the *Administrator* for recordation in a *NATS* account in accordance with Sections 9 or 10.
- t. *Life-of-the-unit, firm power contractual arrangement* means a *unit* participation power sales agreement under which a utility or industrial customer reserves, or is entitled to receive, a specified amount or percentage of *nameplate capacity* and associated energy from any specified *unit* and pays its proportional amount of such *unit's* total costs, pursuant to a contract:
1. For the life of the *unit*; or
 2. For a cumulative term of no less than 30 years, including contracts that permit an election for early termination; or
 3. For a period equal to or greater than 25 years or 70 percent of the economic useful life of the *unit* determined as of the time the *unit* is built, with option rights to purchase or release some portion of the *nameplate capacity* and associated energy generated by the *unit* at the end of the period.
- u. *Maximum design heat input* means the ability of a *unit* to combust a stated maximum amount of fuel per hour on a steady state basis, as determined by the physical design and physical characteristics of the *unit*.
- v. *Monitoring system* means any *monitoring system* that meets the requirements of Section 8 of this regulation, including a *continuous emission monitoring system*, an excepted *monitoring system*, or an alternative *monitoring system*.
- w. *Nameplate capacity* means the maximum electrical generating output (in MWe) that a *generator* can sustain over a specified period of time when not restricted by seasonal or other deratings as measured in accordance with the United States Department of Energy standards.
- x. *NATS* means *NO_x Allowance Tracking System*; the system by which the *Administrator* records any allocation, deduction, or transfer of any *NO_x allowances* under the *NO_x Budget Trading Program*.
- y. *NATS account* means a *compliance, overdraft, or general account* in the *NATS*, established by the *Administrator*, for purposes of recording any allocation and holding, transferring, or deducting any *NO_x allowances*.
- z. *NO_x allowance transfer deadline* means midnight of November 30 or, if November 30 is a weekend or federal holiday, midnight of the first business day thereafter and is the deadline by which *NO_x allowances* must be submitted for recordation in a *NO_x Budget units compliance account* or *overdraft account*, in order to meet the *unit's NO_x Budget emissions limitation* for the *control period* immediately preceding such deadline.

- aa. *NO_x authorized account representative* means:
1. For a *NO_x Budget source*, the natural person who is authorized by the owners and operators of that source and all *NO_x Budget units* at that source, in accordance with Section 6 of this regulation, to represent and legally bind each owner and operator in matters pertaining to the *NO_x Budget Trading Program*.
 2. For a *general account*, the natural person who is authorized, in accordance with Section 15 of this regulation, to transfer or otherwise dispose of *NO_x allowances* held in the *general account*.
 3. Except where used in Sections 6 and 15 of this regulation, the term *NO_x authorized account representative* shall be construed to include any alternate *NO_x authorized account representative*.
- bb. *NO_x Budget emissions limitation* means the limitation described in Section 2(a) of this regulation.
- cc. *NO_x Budget permit* means the permit described in Section 7 and Section 14 of this regulation.
- dd. *NO_x Budget source* means a source that includes one or more *NO_x Budget unit(s)*.
- ee. *NO_x Budget Trading Program* means the program described in Section 1(a) of this regulation.
- ff. *NO_x Budget unit* means any unit described in Sections 3(a)(1) or 3(a)(2) of this regulation.
- gg. *Operator* means any person who operates, controls, or supervises a *NO_x Budget unit*, a *NO_x Budget source*, or a unit for which an application for a *NO_x Budget permit* under Section 14 of this regulation is submitted and not denied or withdrawn and shall include, but not be limited to, any holding company, utility system, or plant manager of such a unit or source.
- hh. *Opt-in unit* means a unit described in Section 3(a)(2) of this regulation.
- ii. *Overdraft account* means the *NATS account*, established by the Administrator under Section 9(a)(1) of this regulation, for each *NO_x Budget source* where there are two or more *NO_x Budget units*.
- jj. *Owner* means any of the following persons:
1. Any holder of any portion of the legal or equitable title in a *NO_x Budget unit* or in a unit for which an application for a *NO_x Budget permit* under Section 14 of this regulation is submitted and not

denied or withdrawn; or

2. Any holder of a leasehold interest in a *NO_x Budget unit* or in a *unit* for which an application for a *NO_x Budget permit* under Section 14 of this regulation is *submitted* and not denied or withdrawn; or
 3. Any purchaser of power from a *NO_x Budget unit* or from a *unit* for which an application for a *NO_x Budget permit* under Section 14 of this regulation is *submitted* and not denied or withdrawn under a *life-of-the-unit, firm power contractual arrangement*. However, unless expressly provided for in a leasehold agreement, *owner* shall not include a passive lessor, or a person who has an equitable interest through such lessor, whose rental payments are not based, either directly or indirectly, upon the revenues or income from the *NO_x Budget unit* or the *unit* for which an application for a *NO_x Budget permit* under Section 14 of this regulation is *submitted* and not denied or withdrawn; or
 4. With respect to any *general account*, any person who has an ownership interest with respect to the *NO_x allowances* held in the *general account* and who is subject to the binding agreement for the *NO_x authorized account representative* to represent that person's ownership interest with respect to *NO_x allowances*.
- kk. *Receive or receipt of* means, when referring to the *Department* or the *Administrator*, to come into possession of a document, information, or correspondence (whether sent in writing or by authorized electronic transmission), as indicated in an official correspondence log, or by a notation made on the document, information, or correspondence, by the *Department* or the *Administrator* in the regular course of business.
- ll. *Recordation, record, or recorded* means, with regard to any *NO_x allowance*, the movement of that *NO_x allowance* by the *Administrator* from one *NATS* account to another, for purposes of *allocation, transfer, or deduction*.
- mm. *Source* means any governmental, institutional, commercial, or industrial structure, installation, plant, building, or facility that emits or has the potential to emit any regulated air pollutant under the *CAA*.
- nn. *State trading program budget* means the total number of *NO_x tons* apportioned to all *NO_x Budget units* in a given State, in accordance with the *NO_x Budget Trading Program*, for use in a given *control period*.
- oo. *Submit* means to send or transmit a document, information, or correspondence to the person specified in accordance with the applicable regulation:
1. In person;

2. By United States Postal Service; or
3. By other means of dispatch or transmission or delivery.

Compliance with any "submission," "service," or "mailing" deadline shall be determined by the date of dispatch, transmission, or mailing and not the date of *receipt*.

- pp. *Ton or tonnage* means any "short ton" (i.e., 2,000 pounds). For the purpose of determining compliance with the *NO_x Budget emissions limitation*, total *tons* for a *control period* shall be calculated as the sum of all recorded hourly *emissions* (or the *tonnage* equivalent of the recorded hourly *emissions* rates) in accordance with Section 8 of this regulation, with any remaining fraction of a *ton* equal to or greater than 0.50 *ton* deemed to equal one *ton* and any fraction of a *ton* less than 0.50 *ton* deemed to equal zero *tons*.
- qq. *Unit* means any of the following fossil fuel-fired combustion operations: boiler, indirect heat exchanger, combustion turbine, or combined cycle system. For the purposes of this definition:
1. Fossil fuel means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material.
 2. Fossil fuel-fired means,
 - A. The combustion of fossil fuel, alone or in combination with any other fuel, where fossil fuel actually combusted comprises more than 50 percent of the annual *heat input* on a BTU basis during any year starting in 1990 or, if a *unit* had no *heat input* starting in 1990, during the last year of operation of the *unit* prior to 1990; or
 - B. The combustion of fossil fuel, alone or in combination with any other fuel, where fossil fuel is projected to comprise more than 50 percent of the annual *heat input* on a BTU basis during any year; provided that the *unit* shall be "fossil fuel-fired" as of the date, during such year, on which the *unit* begins combusting fossil fuel.
 3. Boiler means an enclosed fossil or other fuel-fired combustion device used to produce heat and to transfer heat to recirculating water, steam, or other medium.
 4. Indirect heat exchanger means combustion equipment in which the flame and/or products of combustion are separated from any contact with the principal material in the process by metallic or refractory walls, which includes, but is not limited to, steam boilers, vaporizers, melting pots, heat exchangers, column reboilers, fractioning column feed preheaters, and fuel-fired reactors such as steam hydrocarbon reformer heaters and pyrolysis heaters.

5. Combustion turbine means an enclosed fossil or other fuel-fired device that is comprised of a compressor, a combustor, and a turbine, and in which the flue gas resulting from the combustion of fuel in the combustor passes through the turbine, rotating the turbine.
6. Combined cycle system means a system comprised of one or more combustion turbines, heat recovery steam generators, and steam turbines configured to improve overall efficiency of electricity generation or steam production.

12/11/00

Section 5 - General Provisions

- a. *Allocations and NO_x Allowances.*
 1. An *allocation* may be made only by the *Department* in accordance with Appendix "A", Appendix "B", and Section 14(f) of this regulation, or by the *Administrator* as provided for in Appendix "A" of this regulation.
 2. A *NO_x allowance* is a limited authorization, by the *Department* and the *Administrator*, to emit up to one ton of NO_x during the *control period* of a specified year or of any year thereafter, in accordance with the *NO_x Budget Trading Program*. No provision of the *NO_x Budget Trading Program*, the *NO_x Budget permit application*, the *NO_x Budget permit*, or an exemption under Section 3(b) of this regulation, and no provision of law shall be construed to limit the authority of the United States or the State of Delaware to terminate or limit such authorization.
 3. *NO_x allowances* shall be held in, *deducted* from, or transferred among *NATS accounts* in accordance with Sections 9, 10, 12 and 13 of this regulation. Any *NO_x allowance* that is held in a *NATS account* shall remain in such *NATS account* unless and until that *NO_x allowance* is *deducted*, transferred, or terminated.
 4. A *NO_x allowance* does not constitute a property right.
- b. Record Keeping. Except as provided for below, the *NO_x authorized account representative* of each *NO_x Budget source* shall keep on site at that *source* each of the following documents for, at a minimum, a period of 5 years from the date that document is created. This period of time may be extended for cause at any time prior to the end of that 5-year period upon written notification from either the *Department* or the *Administrator*.
 1. The account certificate of representation *submitted* pursuant to Section 6 of this regulation, and all documents that demonstrate

the truth of the statements in that account certificate of representation. The certificate and documents shall be retained on site at the *source* beyond that 5-year period until they are superseded by the submission of a new account certificate of representation.

2. The NO_x Budget permit application *submitted* pursuant to Section 7 of this regulation, and all documents used to complete that application. The application and documents shall be retained on site at the *source* beyond that 5-year period until they are superseded by the submission of a new application.
3. All *emissions* monitoring information pursuant to Section 8 of this regulation, except that to the extent Section 8 of this regulation provides for a 3-year period, that 3-year period shall apply.
4. Copies of any report, compliance certification, and any other submission or record made or required under the *NO_x Budget Trading Program*.
5. Records demonstrating that any *unit* exempted under Section 3(b) of this regulation is retired. The *owner(s)* and *operator(s)* of that *unit* bears the burden of proof that the *unit* is retired.

c. Computation of Time. Unless otherwise stated:

1. Any time period scheduled to begin on the occurrence of an act or event shall begin on the day that act or event occurs.
2. Any time period scheduled to begin before the occurrence of an act or event shall begin not later than the day before that act or event occurs.
3. If the final day of any time period falls on a weekend or a State of Delaware or Federal holiday, that time period shall be extended to the next business day.

d. Liability.

1. Each *NO_x Budget source* and each *NO_x Budget unit* shall comply with all of the requirements of the *NO_x Budget Trading Program* and any applicable *NO_x Budget permit*.
2. No permit revision shall excuse any violation of the requirements of the *NO_x Budget Trading Program* that occurs prior to the date that revision takes effect.
3. i. Any provision of the *NO_x Budget Trading Program* that applies to a *NO_x Budget source* (including a provision applicable to the *NO_x authorized account representative* of that *NO_x Budget source*) shall also apply to the *owners* and *operators* of that *source* and of the *NO_x Budget units* at that *source*.

- ii. Any provision of the *NO_x Budget Trading Program* that applies to a *NO_x Budget unit* (including a provision applicable to the *NO_x authorized account representative* of that *NO_x Budget unit*) shall also apply to the owners and operators of that unit.
- iii. Except with regard to the requirements applicable to units with a *common stack* under Section 8 of this regulation, the owners and operators and the *NO_x authorized account representative* of one *NO_x Budget unit* shall not be liable for any violation by any other *NO_x Budget unit* of which they are not owners or operators or the *NO_x authorized account representative* and that is located at a source of which they are not owners or operators or the *NO_x authorized account representative*.
- 4. No provision of the *NO_x Budget Trading Program*, a *NO_x Budget permit application*, a *NO_x Budget permit*, or an exemption under Section 3(b) of this regulation shall be construed to exempt or exclude the owners and operators and, to the extent applicable, the *NO_x authorized account representative* of a *NO_x Budget source* or *NO_x Budget unit* from compliance with any other applicable State or Federal requirement.
- 5. Any person who knowingly violates any requirement or prohibition of the *NO_x Budget Trading Program*, a *NO_x Budget permit*, or an exemption under Section 3(b) of this regulation shall be subject to enforcement pursuant to applicable State or Federal law.
- 6. Any person who knowingly makes a false material statement in any record, submission, or report under the *NO_x Budget Trading Program* shall be subject to criminal enforcement pursuant to the applicable State or Federal law.

12/11/00

Section 6 - NO_x Authorized Account Representative for NO_x Budget Sources

- a. On or before the later of November 1, 2001 or the date 18 months before the date on which any *NO_x Budget unit commences operation*, the *NO_x authorized account representative* and any alternate *NO_x authorized account representative* of any *NO_x Budget source* shall submit to the *Administrator*, with a copy to the *Department*, a complete account certificate of representation. Such account certificate of representation:
 - 1. Shall designate one and only one *NO_x authorized account representative*, and may designate one and only one alternate *NO_x authorized account representative*. Such *NO_x authorized account representative* and any alternate *NO_x authorized account*

representative shall be selected by an agreement between the *owners* and *operators* of the *source* and all *NO_x Budget units* at that *source*, binding on such *owners* and *operators*. Such agreement shall include a procedure for authorizing any alternate *NO_x authorized account representative* to act in lieu of the *NO_x authorized account representative*.

2. Shall include all of the following information in a format specified by the *Administrator*:
 - i. Identification of the *NO_x Budget source* and each *NO_x Budget unit* at that *source* for which the account certificate of representation is *submitted*.
 - ii. The name, mailing address, e-mail address (if any), telephone number, and facsimile transmission number (if any) of the *NO_x authorized account representative* and any alternate *NO_x authorized account representative*.
 - iii. A list of the *owners* and *operators* of the *NO_x Budget source* and of each *NO_x Budget unit* at the *source*.
 - iv. The following certification statement by the *NO_x authorized account representative* and any alternate *NO_x authorized account representative*: "I certify that I was selected as the *NO_x authorized account representative* or alternate *NO_x authorized account representative*, as applicable, by an agreement binding on the *owners* and *operators* of the *NO_x Budget source* and each *NO_x Budget unit* at the *source*. I certify that I have all the necessary authority to carry out my duties and responsibilities under the *NO_x Budget Trading Program* on behalf of the *owners* and *operators* of the *NO_x Budget source* and of each *NO_x Budget unit* at the *source* and that each such *owner* and *operator* shall be fully bound by my representations, actions, inactions, or submissions and by any decision or order issued to me by the *Department*, the *Administrator*, or a court regarding the *source* or *unit*."
 - v. The signature of the *NO_x authorized account representative* and any alternate *NO_x authorized account representative*, and the date(s) the account certificate of representation was signed.
 3. Shall not include, unless otherwise required by the *Department* or the *Administrator*, documents of agreement referred to in the account certificate of representation. If *submitted*, neither the *Department* nor the *Administrator* shall be under any obligation to review or evaluate the sufficiency of such documents.
- b. Upon receipt by the *Administrator* of a complete account certificate of

representation under Section 6(a) of this regulation:

1. The *NO_x authorized account representative* of the source shall represent and, by his or her representations, actions, inactions, or submissions, legally bind each owner and operator of the *NO_x Budget source* represented and each *NO_x Budget unit* at that source in all matters pertaining to the *NO_x Budget Trading Program*, notwithstanding any agreement between the *NO_x authorized account representative* and such owners and operators. The owners and operators shall be bound by any decision or order issued to the *NO_x authorized account representative* by the *Department*, the *Administrator*, or a court regarding the source or unit.
2. Any representation, action, inaction, or submission by the alternate *NO_x authorized account representative* shall be deemed to be a representation, action, inaction, or submission by the *NO_x authorized account representative*.
3. The *Department* and the *Administrator* shall rely on the account certificate of representation submitted pursuant to Section 6(a) of this regulation unless and until the *Administrator* receives a superseding complete account certificate of representation changing the *NO_x authorized account representative* or alternate *NO_x authorized account representative*. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous *NO_x authorized account representative* or alternate *NO_x authorized account representative* prior to the time and date when the *Administrator* receives the superseding account certificate of representation shall be binding on the new *NO_x authorized account representative* and alternate *NO_x authorized account representative* and the owners and operators of the *NO_x Budget source* and the *NO_x Budget units* at the source.
4. Except as provided in Section 6(b)(3) of this regulation, no objection or other communication submitted to the *Department* or the *Administrator* concerning the authorization, or any representation, action, inaction, or submission of the *NO_x authorized account representative* or the alternate *NO_x authorized account representative* shall affect any representation, action, inaction, or submission of the *NO_x authorized account representative* or the alternate *NO_x authorized account representative*, or the finality of any decision or order by the *Department* or the *Administrator* under the *NO_x Budget Trading Program*.
5. Neither the *Department* nor the *Administrator* shall adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of any *NO_x authorized account representative* or the alternate *NO_x authorized account representative*.

c. Changes in the owners and operators.

1. Within 30 days following any change in the owner(s) and operator(s) of a *NO_x Budget source* or a *NO_x Budget unit* at that source, including the addition of a new owner or operator, the *NO_x authorized account representative* or the alternate *NO_x authorized account representative* shall submit to the *Administrator*, with a copy to the *Department*, a revised account certificate of representation amending the list of owners and operators to include that change.
2. In the event a new owner or operator of a *NO_x Budget source* or a *NO_x Budget unit* is not included in the list of owners and operators submitted in the account certificate of representation, such new owner or operator shall be deemed to be subject to and bound by the account certificate of representation, the representations, actions, inactions, and submissions of the *NO_x authorized account representative* and any alternate *NO_x authorized account representative* of the source or unit, and the decisions, orders, actions, and inaction's of the *Department* or the *Administrator*, as if the new owner or operator were included in such list.

d. Submissions/Certifications.

1. The *NO_x authorized account representative* or the alternate *NO_x authorized account representative* shall sign and certify all submissions under the *NO_x Budget trading program* with the following certification statement: "I am authorized to make this submission on behalf of the owners and operators of the *NO_x Budget sources* or *NO_x Budget units* for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete.
I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment."
2. The *Department* and the *Administrator* shall accept or act on any submission made under the *NO_x Budget Trading program* only if that submission has been made, signed, and certified in accordance with Section 6(d)(1) of this regulation.

12/11/00

Section 7 - Permits

- a. Except as provided for in Section 3(b) of this regulation, on and after May 1, 2002 each *NO_x Budget unit* shall be covered by a *NO_x Budget permit*. Such *NO_x Budget permit* shall be a complete and segregable portion of, and made federally enforceable by, the permit issued pursuant to:
1. For any *NO_x Budget unit* required to be covered by a Regulation No. 30 permit, Regulation No. 30 of the State of Delaware "Regulations Governing the Control of Air Pollution."
 2. For any *NO_x Budget unit* not required to be covered by a Regulation No. 30 permit, Regulation No. 2 of the State of Delaware "Regulations Governing the Control of Air Pollution."
- b. On or before the later of November 1, 2001, or the date 18 months before the date on which any *NO_x Budget unit commences operation*, the *NO_x authorized account representative* of each *NO_x Budget source* shall submit to the *Department*:
1. A complete *NO_x Budget permit application* that includes, at a minimum, all of the following information:
 - i. Identification of the *NO_x Budget source*, including the plant name and the ORIS (Office of Regulatory Information Systems) or facility code assigned to the *source* by the Energy Information Administration of the United States Department of Energy, if applicable;
 - ii. Identification of each *NO_x Budget unit* at that *NO_x Budget source*; and
 - iii. Identification of each applicable requirement of this regulation, to include the requirements of Sections 2(a), 5(a)(2), 5(a)(3), 5(b), 5(d), 6(d), 8(b), 8(c) and 10 of this regulation.
 2. In a timely manner, any supplemental information that the *Department* determines is necessary in order to review a *NO_x Budget permit application* and/or issue or deny any *NO_x Budget permit(s)*.
- c. Each *NO_x Budget permit* issued by the *Department*:
1. Shall specify the information *submitted* under Section 7(b)(1) of this regulation, as approved by the *Department*.
 2. Shall be deemed to incorporate automatically the definitions of terms under Section 4 of this regulation. Upon *recordation* by the *Administrator*, every *allocation*, *transfer*, or *deduction* of a *NO_x allowance* to or from a *NO_x Budget unit's compliance account* or the *overdraft account* of the *source* where the *unit* is located shall be deemed to amend automatically, and become a part of the associated *NO_x Budget permit* by operation of law without any further review.

- d. Any initial, revised, or renewed *NO_x Budget permit* shall become effective upon issuance by the *Department* of the corresponding Regulation No. 2 or Regulation No. 30 permit, as applicable, that administers that *NO_x Budget permit*.

12/11/00

Section 8 - Monitoring and Reporting

- a. The *emissions* measurements recorded and reported in accordance with Section 8 of this regulation shall be used to determine compliance by any *NO_x Budget unit* with its *NO_x Budget emissions limitation*.
- b. Each *NO_x Budget unit* shall:
1. Comply with all of the requirements of Subpart H of 40 CFR Part 75 (7/1/99 edition), and all of the requirements of this regulation.
 2. Monitor and record *heat input* at the *unit* level utilizing the procedures set forth in 40 CFR Part 75 (7/1/99 edition).
- c. For the purpose of complying with the requirements of this regulation and Subpart H of 40 CFR Part 75, the definitions in Section 4 of this regulation and in 40 CFR 72.2 (7/1/99 edition) shall apply, except the terms "*affected unit*," "*designated representative*," and "*continuous emission monitoring system*" in 40 CFR Part 75 shall be replaced with "*NO_x Budget unit*," "*NO_x authorized account representative*," and "*continuous emission monitoring system*," respectively, as defined in Section 4 of this regulation.
- d. The compliance deadlines referred to in 40 CFR Part 75.70(b) shall be as follows:
1. *Monitoring systems* shall be installed and certification tests shall be completed, pursuant to the requirements of Subpart H of 40 CFR Part 75, not later than:
 - i. For any *NO_x Budget unit* identified in Sections 3(a)(1) of this regulation that *commences operation* before January 1, 2002, May 1, 2002.
 - ii. For any *NO_x Budget unit* not covered by Section 8(d)(1)(i) of this regulation, the later of the following dates:
 - A. May 1, 2002; or
 - B. The earlier of:
 1. 180 days after the date on which that *unit commences operation* or

2. For any unit identified in Section 3(a)(1)(i) of this regulation, 90 days after the date on which that unit commences commercial operation.

C. For any *NO_x Budget unit* that reports on a control season basis under 40 CFR 75.74(b)(2), where the applicable deadline under Section 8(d)(1)(ii)(B) of this regulation does not occur during a *control period*, May 1 immediately following the date determined in accordance with Section 8(d)(1)(ii)(B) of this regulation.

2. For any *NO_x Budget unit* with a new stack or flue for which construction is completed after the applicable deadline under Section 8(d)(1) or 14(c) of this regulation:

i. 90 days after the date on which *emissions* first exit to the atmosphere through the new stack or flue, or

ii. If that *unit* reports on a control season basis under 40 CFR 75.74(b)(2) and the applicable deadline under Section 8(d)(2)(i) of this regulation does not occur during the *control period*, May 1 immediately following the applicable deadline in Section 8(d)(2)(i) of this regulation.

3. Data shall be recorded and reported on and after the date specified in Section 8(d)(1) of this regulation. The provisions of 40 CFR 75.70(g), concerning the reporting of data prior to initial certification, shall apply from the date and hour that any unit starts operating until all required certification tests are successfully completed.

e. The requirements of 40 CFR Part 75.70(d)(1), concerning initial certification and recertification procedures, shall be expanded to include the following additional requirements:

1. If, prior to January 1, 1998, the *Administrator* approved a petition under 40 CFR 75.17(a) or (b) for apportioning the *NO_x emission rate* measured in a *common stack* or a petition under 40 CFR 75.66 for an alternative to a requirement in 40 CFR 75.17 of this chapter, the *NO_x authorized account representative* shall resubmit the petition to the *Administrator* under 40 CFR 75.70(h)(1) and (2) to determine if the approval applies under the *NO_x Budget Trading Program*.

2. The *NO_x authorized account representative* of each unit applying to monitor using an alternative *monitoring system* under Subpart E of 40 CFR Part 75 shall apply for certification to the *Department* prior to use of the system under the *NO_x Budget Trading Program*. The *NO_x authorized account representative* shall comply with the notification and application requirements for certification, or

for recertification following a replacement, modification or change, according to the procedures in Section 8(f) of this regulation.

- f. Except as otherwise specified in Section 8(g) of this regulation (pertaining to the low mass *emissions* excepted methodology under 40 CFR 75.19), the initial certification and recertification procedures referred to in 40 CFR Part 75.70(d)(2) shall be as follows.
1. Each *monitoring system* required by Subpart H of 40 CFR Part 75 (which includes the *automated data acquisition and handling system*) shall complete all of the initial certification testing required under 40 CFR 75.20 not later than the deadlines specified in Section 8(d) of this regulation. In addition, whenever the *owner* or *operator* installs a *monitoring system* in order to meet the requirements of this regulation in a location where no such *monitoring system* was previously installed, initial certification according to 40 CFR 75.20 is required.
 2. Whenever the *owner* or *operator* makes a replacement, modification, or change in a certified *monitoring system* that the *Administrator* or the *Department* determines significantly affects the ability of the system to accurately measure or record NO_x mass *emissions* or *heat input* or to meet the requirements of 40 CFR 75.21 or Appendix B to 40 CFR Part 75, the *owner* or *operator* shall recertify the *monitoring system* according to 40 CFR 75.20(b). Furthermore, whenever the *owner* or *operator* makes a replacement, modification, or change to the flue gas handling system or the *unit's* operation that the *Administrator* or the *Department* determines to significantly change the flow or concentration profile, the *owner* or *operator* shall recertify the *continuous emission monitoring system* according to 40 CFR 75.20(b). Examples of changes that require recertification include: replacement of the analyzer, change in location or orientation of the sampling probe or site, or the changing of flow-rate-monitor polynomial coefficients.
 3. Certification approval process for initial certifications and recertification.
 - i. The NO_x *authorized account representative* shall *submit* to the *Department*, with a copy to the EPA Region III Office, a written notice of the dates of certification testing in accordance with the requirements of 40 CFR Part 75.61. If the *unit* is not subject to an Acid Rain emissions limitation, the notification is required to be sent only to the *Department*.
 - ii. The NO_x *authorized account representative* shall *submit* to the *Department* not later than 45 days after completing all initial certification or recertification tests a complete certification application for each *monitoring system* required under Subpart H of 40 CFR Part 75. Such

certification application shall be considered complete if it includes all of the information specified in 40 CFR 75.63. Any alternative *monitoring system* under Subpart E of 40 CFR Part 75 shall also be subject to the procedures of 40 CFR 75.20(f).

- iii. Except for units using the low mass *emission* excepted methodology under 40 CFR 75.19, a monitor shall be provisionally certified upon successful completion of the certification procedures of Section 8(f)(3)(i) and (ii) of this regulation. A provisionally certified monitor may be used under the *NO_x Budget Trading Program* for a period not to exceed 120 days after receipt by the *Department* of the complete certification application for the *monitoring system* or component thereof under Section 8(f)(3)(ii) of this regulation. Data measured and recorded by the provisionally certified *monitoring system* or component thereof, in accordance with the requirements of 40 CFR Part 75, will be considered valid quality-assured data (retroactive to the date and time of provisional certification), provided that the *Department* does not invalidate the provisional certification by issuing a notice of disapproval of certification status under Section 8(f)(iv)(C) of this regulation.

- iv. The *Department* shall issue a written notice of approval or disapproval of the certification application to the *NO_x authorized account representative* within 120 days of receipt of the complete certification application under Section 8(f)(3)(ii) of this regulation. In the event the *Department* does not issue such a notice within such 120-day period, each *monitoring system* that meets the applicable performance requirements of 40 CFR Part 75 and that is included in the certification application shall be deemed certified for use under the *NO_x Budget Trading Program*.
 - A. If the certification application is complete and shows that each *monitoring system* meets the applicable performance requirements of 40 CFR Part 75, then the *Department* shall issue a written notice of approval of the certification application within 120 days of receipt.

 - B. If the certification application is not complete, then the *Department* shall issue a written notice of incompleteness that sets a reasonable date by which the *NO_x authorized account representative* must submit the additional information required to complete the certification application. If the *NO_x authorized account representative* does not comply with the notice of incompleteness by the specified date, then the *Department* may issue a notice of disapproval under

Section 8(f)(3)(iv)(C) of this regulation.

- C. If the certification application shows that any *monitoring system* or component thereof does not meet the performance requirements of this regulation, or if the certification application is incomplete and the requirement for disapproval under Section 8(f)(3)(iv)(B) of this regulation has been met, the *Department* may issue a written notice of disapproval of the certification application.

- v. If the *Department* issues a notice of disapproval of a certification application under either Section 8(f)(3)(iv)(C) of this regulation or a notice of disapproval of certification status under Section 8(j) of this regulation, then the following shall apply to each *monitoring system* or component thereof which is disapproved for initial certification:
 - A. Upon issuance of such notice of disapproval, the provisional certification is invalidated and the data measured and recorded by each uncertified *monitoring system* or component thereof shall not be considered valid quality-assured data beginning with the date and hour of provisional certification.

 - B. The *owner* or *operator* shall substitute the following values for any hour (or fraction of an hour) during which the *unit* combusts any fuel during the period of invalid data, beginning with the date and hour of provisional certification and continuing until the time, date, and hour specified under 40 CFR 75.20(a)(5)(i).
 - 1. For *units* using or intending to monitor for NO_x *emission rate* and *heat input* or for *units* using the low mass *emission* excepted methodology under 40 CFR 75.19, the maximum potential NO_x *emission rate* and the maximum potential hourly *heat input* of the *unit*.

Maximum potential NO_x *emission rate* means the *emission rate* of NO_x (in lb/MMBTU) calculated in accordance with section 3 of appendix F of 40 CFR Part 75, using the maximum potential NO_x concentration as defined in section 2 of appendix A of 40 CFR Part 75, and either the maximum O₂ concentration (in percent O₂) or the minimum CO₂ concentration (in percent CO₂), under all operating conditions of the *unit* except for *unit* start up, shutdown, and upsets.

Maximum potential hourly *heat input* means an hourly *heat input* used for reporting purposes when a *unit* lacks certified monitors to report *heat input*. If the *unit* intends to use Appendix D of 40 CFR Part 75 to report *heat input*, this value should be calculated, in accordance with 40 CFR Part 75, using the maximum fuel flow rate and the maximum gross calorific value. If the *unit* intends to use a flow monitor and a diluent gas monitor, this value should be reported, in accordance with 40 CFR Part 75, using the maximum potential flowrate and either the maximum CO₂ concentration (in percent CO₂) or the minimum O₂ concentration (in percent O₂).

2. For *units* intending to monitor for NO_x mass *emissions* using a NO_x pollutant concentration monitor and a flow monitor, the maximum potential concentration of NO_x and the maximum potential flow rate of the *unit* under Section 2.1 of Appendix A of 40 CFR Part 75.

- C. The NO_x *authorized account representative* shall submit a notification of certification retest dates and a new certification application in accordance with Sections 8(f)(3)(i) and 8(f)(3)(ii) of this regulation; and
- D. The *owner* or *operator* shall repeat all certification tests or other requirements that were failed by the *monitoring system*, as indicated in the *Department's* notice of disapproval, no later than 30 *unit* operating days after the date of issuance of the notice of disapproval. A *Unit* operating day means a calendar day in which a *unit* combusts any fuel.

g. The initial certification and recertification procedures referred to in 40 CFR Part 75.70(d)(2) for any gas-fired or oil-fired *unit* using the low mass *emissions* excepted methodology under 40 CFR 75.19, and not subject to an acid rain limitation, shall be those applicable certification and recertification requirements of 40 CFR 75.19 and Section 8(f) of this regulation, except that the excepted methodology shall be deemed provisionally certified for use under the NO_x *Budget Trading Program*, as of the following dates:

- 1. For a *unit* that does not have monitoring equipment initially certified or recertified for the NO_x *Budget Trading Program* as of the date on which the NO_x *authorized account representative* submits the certification application under 40 CFR 75.19 for that *unit*, starting on the date of such submission until the completion

of the period for the *Department's* review.

2. For a *unit* that has monitoring equipment initially certified or recertified for the *NO_x Budget Trading Program* as of the date on which the *NO_x authorized account representative submits* the certification application under 40 CFR 75.19 for that *unit* and that reports data on an annual basis under 40 CFR 75.74(b)(2), starting January 1 of the year after the year of such submission until the completion of the period for the *Department's* review.
 3. For a *unit* that has monitoring equipment initially certified or recertified for the *NO_x Budget Trading Program* as of the date on which the *NO_x Authorized Account Representative submits* the certification application under 40 CFR 75.19 for that *unit* and that reports on a control season basis under 40 CFR 75.74(b)(2), starting May 1 of the *control period* after the year of such submission until the completion of the period for the *Administrator's* review.
- h. Approval by the *Department* is required for approval of any alternative requirement under 40 CFR part 75.70(h)(3)(ii).
- i. The *NO_x authorized account representative* shall submit quarterly reports required by 40 CFR Part 75.73(f) beginning with:
1. For any *unit* that *commences operation* prior to May 1, 2002, the earlier of the calendar quarter that includes the date of initial provisional certification under Section 8(f)(3)(iii) of this regulation or, if the certification tests are not completed by May 1, 2002, the partial calendar quarter from May 1, 2002 through June 30, 2002. Data shall be recorded and reported from the earlier of the date and hour corresponding to the date and hour of provisional certification or the first hour on May 1, 2002.
 2. Except as provided for in Section 8(i)(3) of this regulation, for any *unit* that *commenced operation* on or after May 1, 2002, the calendar quarter in which the *unit commences operation*. Data shall be reported from the date and hour corresponding to when the *unit commenced operation*.
 3. For any *unit* that is subject to ozone season monitoring requirements under 40 CFR 75.74(b)(2), and that *commenced operation* after September 30, 2002, and that did not *commence operations* during a *control period*, the earlier of the calendar quarter that includes the date of initial provisional certification under Section 8(f)(3)(iii) of this regulation or, if the certification tests are not completed by May 1 immediately following the date that the *unit commenced operation*, May 1 immediately following the date the *unit commenced operation*. Data shall be reported from the earlier of the date and hour corresponding to the date and hour of provisional certification or

the first hour of May 1 immediately following the date that the *unit commenced operation*.

- j. Whenever both an audit of a *monitoring system* and a review of the initial certification or recertification application reveal that any system or component should not have been certified or recertified because it did not meet a particular performance specification or other requirement under 40 CFR 75.70(d) or any other applicable provision of 40 CFR Part 75, both at the time of the initial certification or recertification application submission and at the time of the audit, the *Department* may issue a notice of disapproval of the certification status of such system or component. For the purposes of this paragraph, an audit shall be either a field audit or an audit of any information *submitted* to the *Department* or the *Administrator*. By issuing the notice of disapproval, the *Department* revokes prospectively the certification status of the system or component. The data measured and recorded by the system or component shall not be considered valid quality-assured data from the date of issuance of the notification of the revoked certification status until the date and time that the *owner* or *operator* completes subsequently approved initial certification or recertification tests. The *owner* or *operator* shall follow the initial certification or recertification procedures in 40 CFR Part 75.70(d) for each disapproved system.

12/11/00

Section 9 - NATS

- a. Establishment of NATS Accounts.
 1. Upon receipt of a complete account certificate of representation pursuant to Section 6(a) of this regulation, the Administrator shall establish a compliance account for each NO_x Budget unit identified in that account certificate of representation, and an overdraft account for each such NO_x Budget source that includes two or more NO_x Budget units.
 2. Upon receipt of a complete application to establish a general account pursuant to Section 15 of this regulation, the Administrator shall establish a general account for the person(s) for whom the application is submitted.
 3. The Administrator shall assign a unique identifying account number to each account established under Sections 9(a)(1) or 9(a)(2) of this regulation, and a unique identifying number to each associated NO_x authorized account representative.
- b. Recordation of Allocations and Deductions.
 1. The Administrator shall record allocations for the 2003, 2004, and 2005 control periods, pursuant to Section (d)(1) of Appendix "A" and Section (c) of Appendix "B" of this regulation. The Administrator shall record any allocations for the 2003 control period pursuant to Section 14(f)(2) of this regulation.
 2. Each year, starting in 2003, the Administrator shall:
 - i. Record in the appropriate compliance account or overdraft account all deductions made pursuant to Section 12 and 13 of this regulation.
 - ii. After recording any deductions pursuant to Section 9(b)(2)(i) of this regulation:
 - A. Record allocations pursuant to Section (d)(2) of Appendix "A" of this regulation.
 - B. Record allocations pursuant to Sections 14(f)(2) of this regulation.
 3. When recording any allocation, the Administrator shall assign to the corresponding NO_x allowance a unique identification serial number that includes digits identifying the year for which that NO_x allowance is allocated.
- c. Banking.

1. After recording any deductions pursuant to Section 9(b)(2)(i) of this regulation, the Administrator shall designate, as a "banked" NO_x allowance, any NO_x allowance that was eligible for deduction and that remains in any compliance account, overdraft account, or general account
2. Each year, starting in 2004, after completing the designation of banked NO_x allowances under Section 9(c)(1) of this regulation and before May 1 of that year, the Administrator shall determine the extent to which any banked NO_x allowance may be used for compliance in the impending control period, as follows:
 - i. The Administrator shall determine the total number of banked NO_x allowances held in all of the NO_x Budget Trading program's compliance accounts, overdraft accounts, and general accounts.
 - ii. The Administrator shall determine the sum of the State trading program budgets for the impending control period of all of the States participating in the NO_x Budget trading program.
 - iii. The Administrator shall determine the result of dividing the number determined under Section 9(c)(2)(i) of this regulation by the number determined under Section 9(c)(2)(ii) of this regulation.
3. If the number determined under Section 9(c)(2)(iii) of this regulation is equal to or less than 0.10, then any banked NO_x allowance may be deducted for compliance in accordance with Sections 12 and 13 of this regulation
4. If the number determined under Section 9(c)(2)(iii) of this regulation is greater than 0.10, then:
 - i. The Administrator shall determine the following ratio: 0.10 multiplied by the number determined under Section 9(c)(2)(ii) of this regulation and divided by the number determined under Section 9(c)(2)(i) of this regulation.
 - ii. The Administrator shall, in implementing the provisions of Sections 12(b) and 13(a) of this regulation for the impending control period, multiply the number of banked NO_x allowances in each compliance account or overdraft account by the ratio calculated under Section 9(c)(4)(i) of this regulation. The resulting product is the number of banked NO_x allowances in the account that may be deducted for compliance in accordance with Sections 12 and 13 of this regulation. Any banked NO_x allowances in excess of the resulting product may be deducted for compliance in

accordance with Sections 12 and 13 of this regulation, except that, if any such NO_x allowance is deducted, two such NO_x allowances shall be deducted for each one NO_x allowance required under Sections 12 and 13 of this regulation.

- d. The Administrator may, at his/her sole discretion and on his/her own motion, correct any error in any NATS account. Within 10 business days of making any such correction, the Administrator shall notify the NO_x authorized account representative of the affected account of any correction made.

12/11/00

Section 10 - NO_x Allowance Transfers

- a. The NO_x authorized account representative seeking recordation of a NO_x allowance transfer shall submit to the Administrator a transfer request that includes all of the following information in a format specified by the Administrator:
 1. The account number of both the transferor and transferee accounts;
 2. The serial number of each NO_x allowance to be transferred; and
 3. The printed name and signature of the NO_x authorized account representative of the transferor account, and the date the transfer request was signed.
- b. Provided that the transfer request meets the requirements of Section 10(a) of this regulation, and the transferor account holds each NO_x allowance identified by serial number in the transfer request, the Administrator shall record the NO_x allowance transfer by moving each NO_x allowance from the transferor account to the transferee account as specified by the request.
 1. Any NO_x allowance transfer request that is submitted for recordation after a NO_x allowance transfer deadline, and that includes any NO_x allowance that was allocated for a control period prior to or the same as the control period associated with that NO_x allowance transfer deadline, shall be recorded after the recordation of allocations under Section 9(b)(2) of this regulation for that control period.
 2. Any transfer request not identified in Section 10(b)(1) of this regulation shall be recorded within 5 business days of receiving such request.
 3. Within 5 business days of recordation of any NO_x allowance transfer, the Administrator shall notify the NO_x authorized account representatives of both accounts subject to the transfer that the transfer was recorded.

c. Where a NO_x allowance transfer request fails to meet the requirements of Section 10(b) of this regulation, the Administrator shall not record that transfer.

1. Within 10 business days of receipt of such a request, the Administrator shall notify the NO_x authorized account representatives of both the transferor and transferee accounts of the reason(s) why the transfer was not recorded.
2. Nothing in this regulation shall preclude the correction and resubmission of a NO_x allowance transfer request following notification under Section 10(c)(1) of this regulation.

12/11/00

Section 11 - Compliance Certification

a. Not later than November 30 of each year, starting in 2003, the NO_x authorized account representative of each NO_x Budget source shall submit to the Department and the Administrator a compliance certification report that covers the control period for that year. Such report shall include all of the following information in a format specified by the Administrator:

1. Identification of the NO_x Budget source and each NO_x Budget unit at that source.
2. At the NO_x authorized account representative's option, for units sharing a common stack and having NO_x emissions that are not monitored separately or apportioned in accordance with Section 8 of this regulation, the percentage of the number of tons of NO_x emissions from the common stack to be attributed to each unit, for application under Section 12(b)(2)(i) of this regulation.
3. At the NO_x authorized account representative's option, the serial numbers of the NO_x allowances that are to be deducted from each NO_x Budget unit's compliance account, for application under Sections 12(b)(2)(i) and/or 13(a)(1) of this regulation.
4. Certification by the NO_x authorized account representative of, based on reasonable inquiry of those persons with primary responsibility for operating the source and the NO_x Budget units at the source in compliance with the NO_x Budget Trading Program, whether each NO_x Budget unit for which the compliance certification is submitted was operated during the calendar year covered by the report in compliance with the requirements of the NO_x Budget Trading Program applicable to that unit, including:
 - i. Whether the unit was operated in compliance with its NO_x Budget emissions limitation;

- ii. Whether the monitoring plan that governs the *unit* has been maintained to reflect the actual operation and monitoring of the *unit*, and contains all information necessary to attribute *NO_x emissions* to the *unit*, in accordance with Section 8 of this regulation;
 - iii. Whether all the *NO_x emissions* from the *unit*, or a group of *units* (including the *unit*) using a *common stack*, were monitored or accounted for through the missing data procedures and reported in the quarterly monitoring reports, including whether conditional data were reported in the quarterly reports in accordance with Section 8 of this regulation. If conditional data were reported, the *NO_x authorized account representative* shall indicate whether the status of all conditional data has been resolved and all necessary quarterly report resubmission's have been made;
 - iv. Whether the facts that form the basis for certification under Section 8 of this regulation of each monitor at the *unit* or a group of *units* (including the *unit*) using a *common stack*, or for using an excepted monitoring method or alternative monitoring method approved under Section 8 of this regulation, if any, has changed; and
 - v. If a change is required to be reported under Section 11(a)(4)(iv) of this regulation, specify the nature of the change, the reason for the change, when the change occurred, and how the *unit's* compliance status was determined subsequent to the change, including what method was used to determine *emissions* when a change mandated the need for monitor recertification.
- b. The *Department* or the *Administrator* may review and conduct independent audits concerning any compliance certification or any other submission under the *NO_x Budget Trading Program* and make appropriate adjustments of the information in the compliance certifications or other submissions.
 - c. The *Administrator* may deduct *NO_x allowances* from or transfer *NO_x allowances* to a *unit's compliance account* or a *source's overdraft account* based on the information in the compliance certifications or other submissions, as adjusted under Section 11(b) of this regulation.

12/11/00

Section 12 - End-of-Season Reconciliation

- a. A *NO_x allowance* is available to be *deducted* for compliance with a *unit's NO_x Budget emissions limitation* for a particular *control period* only if that *NO_x allowance*:
 - 1. Was *allocated* for that *control period* or for a *control period* in a prior year; and

2. Is held in that *unit's compliance account* or its associated *overdraft account*, as of the *NO_x allowance transfer deadline* for that *control period*; or
 3. Is transferred into that *unit's compliance account* or its associated *overdraft account* by a *NO_x allowance transfer request* that was correctly *submitted for recordation* under Section 10 of this regulation on or before the *NO_x allowance transfer deadline* associated with that *control period*.
- b. For each *control period*, following the *recordation* of *NO_x Allowance transfer requests* that were *submitted for recordation* under Section 10 of this regulation on or before the associated *NO_x allowance transfer deadline*, the *Administrator* shall *deduct NO_x allowances* that meet the requirements of Section 12(a) of this regulation from each *NO_x Budget unit's account(s)*:
1. Until the number of *NO_x allowances deducted* equals the number of *tons of NO_x emissions* from that *unit* for that *control period*.
 2. In the case of *units sharing a common stack* and having *emissions* that are not separately monitored or apportioned under Section 8 of this regulation, the *Administrator* shall *deduct NO_x allowances* for each such *unit* until the number of *NO_x allowances deducted* equals:
 - i. Where the *NO_x authorized account representative* identified a percentage pursuant to Section 11(a)(2) of this regulation, that percentage of the number of *tons of NO_x emissions* from the *common stack*, or,
 - ii. If no percentage is identified, an equal percentage for each such *unit*.
 3. Where there are not sufficient *NO_x allowances* available under section 12(b)(1) and 12(b)(2) of this regulation, until no more *NO_x allowances* that meet the requirements of Section 12(a) of this regulation remain available for *deduction*.
- c. The particular *allowances* that the *Administrator* shall delete shall be:
1. Where the *NO_x authorized account representative* identified by serial number the *NO_x allowances* to be *deducted* pursuant to Section 11(a)(3) of this regulation, the *Administrator* shall *deduct* those particular *allowances*.
 2. In the absence of an identification or in the case of a partial identification of *NO_x allowances* by serial number, the *Administrator* shall *deduct NO_x allowances*:

i. From the *compliance account* on a first-in, first-out (FIFO) accounting basis in the following order:

- A. Those *NO_x allowances* that were allocated for that *control period* to that *unit*;
- B. Those *NO_x allowances* that were allocated for that *control period* to any *unit* and transferred and recorded in that *unit's account*, in order of their date of recordation;
- C. Those *NO_x allowances* that were allocated for a prior *control period* to that *unit*; and
- D. Those *NO_x allowances* that were allocated for a prior *control period* to any *unit* and transferred and recorded in that *unit's account*, in order of their date of recordation.

ii. Only after all *NO_x allowances* that meet the requirements of Section 12(a) of this regulation have been deducted from the *compliance account*, from the *overdraft account*. In deducting allowances for units at the source from the *overdraft account*, the *Administrator* shall begin with the *NO_x Budget unit* having the *compliance account* with the lowest *NATS* account number and end with the *NO_x Budget unit* having the *compliance account* with the highest *NATS* account number (with account numbers sorted beginning with the left-most character and ending with the right-most character and the letter characters assigned values in alphabetical order and less than all numeric characters).

12/11/00

Section 13 - Failure to Meet Compliance Requirements

- a. For each *unit* under Section 12(b)(3) of this regulation, the *Administrator* shall deduct from that *unit's compliance account* or the associated *overdraft account* a number of *NO_x allowances* equal to three (3) times the number of that *unit's excess emissions*.
 1. Where the *NO_x authorized account representative* identified by serial number the *NO_x allowances* to be deducted pursuant to Section 11(a)(3) of this regulation, the *Administrator* shall deduct those particular allowances.
 2. In the absence of an identification by serial number, or in the case of a partial identification, the *Administrator* shall deduct *NO_x allowances* that were allocated for any *control period* after the *control period* in which the *unit* has *excess emissions*, until the requirement of Section 13(a) of this regulation is satisfied.

3. If the *compliance account* or *overdraft account* does not contain sufficient *NO_x allowances*, the *Administrator* shall *deduct NO_x allowances*, regardless of the *control period* for which they were *allocated*, whenever *NO_x allowances* are recorded in either account, until the requirement of Section 13(a) of this regulation is satisfied.
- b. Any *deduction* required under Section 13(a) of this regulation shall not affect the liability of the *owners and operators* of the *NO_x Budget unit* for any fine, penalty, or assessment, or their obligation to comply with any other remedy, for the same violation, as ordered under the CAA or applicable State law or regulation. The following guidelines shall be followed in assessing fines, penalties or other obligations:
 1. For purposes of determining the number of days of violation, if a *NO_x Budget unit* has *excess emissions* for a *control period*, each day in the *control period* (153 days) constitutes a day in violation unless the *owners and operators* of the *unit* demonstrate that a lesser number of days should be considered.
 2. Each *ton* of *excess emissions* is a separate violation.

12/11/00

Section 14 - Individual Unit Opt-Ins

- a. Any *unit* located in Delaware that meets all of the following provisions may voluntarily opt into the *NO_x Budget Trading program* by submitting to the *Department* an opt-in application.
 1. The *unit* is not a *NO_x Budget unit* identified in Sections 3(a)(1) of this regulation; and
 2. The *unit* is not exempted under Section 3(b) of this regulation; and
 3. The *unit* can meet the *emissions* monitoring and reporting requirements of Section 8 of this regulation; and
 4. The *unit* has documented *heat input* for more than 876 hours in the 6 months immediately preceding the submission of an application for an initial *NO_x Budget permit* under Section 14(b) of this regulation.
- b. Each *unit* identified in Sections 14(a) of this regulation shall *submit*:
 1. To the *Department* and the *Administrator* a complete account certificate of representation that meets all of the requirements of Section 6 of this regulation.
 2. To the *Department* a complete *NO_x Budget permit* application that

meets all of the requirements of Section 7(b) of this regulation, with the following additional certification statement(s) made by the *NO_x authorized account representative*:

- i. "I certify that each *unit* for which this permit application is *submitted* under Section 14 of Regulation No. 39 is not a *NO_x Budget unit* under Sections 3(a)(1) of Regulation No. 39, is not covered by a retired *unit* exemption under Section 3(b) of Regulation No. 39 that is in effect"
 - ii. For any application for an initial *NO_x Budget permit*, "I certify that the *unit* meets the requirements of Section 14(a)(4) of Regulation No. 39."
3. To the *Department* a monitoring plan in accordance with Section 8 of this regulation.
- c. The *Department* shall determine, on an interim basis, the sufficiency of the monitoring plan *submitted* pursuant to Section 14(b)(3) of this regulation. A monitoring plan is sufficient, for purposes of this interim review, if the plan appears to contain information demonstrating that the *NO_x emissions* rate and *heat input* of the *unit* are monitored and reported in accordance with Section 8 of this regulation. A determination of sufficiency shall not be construed as acceptance or approval of the *unit's* monitoring plan.
1. If the *Department* determines that the *unit's* monitoring plan is sufficient the *NO_x authorized account representative* shall:
 - i. Install and certify all *monitoring systems* required under Section 8 of this regulation, pursuant to Section 8 of this regulation.
 - ii. Monitor and report the *NO_x emissions* rate and the *heat input* of the *unit* in accordance with Section 8 of this regulation for one full *control period* during which the percent monitoring data availability is not less than 90 percent and during which the *unit* is in full compliance with all applicable State or Federal *emissions* or *emissions-related* requirements. Solely for purposes of applying the requirements of the prior sentence, the *unit* shall be treated as a "*NO_x Budget unit*" prior to issuance of a *NO_x Budget permit* covering the *unit*.
 - iii. Based on the information monitored and reported under Section 14(c)(1)(ii) of this regulation, *submit* to the *Department* the *unit's* baseline *heat input* calculated as the *unit's* total *heat input* (in MMBTU) for the *control period*, and the *unit's* baseline *NO_x emissions* rate calculated as the *unit's* total *NO_x mass emissions* (in lb) for the *control*

period divided by the unit's baseline heat input.

2. If the *Department* determines that the unit's monitoring plan is not sufficient the *Department* shall disapprove the opt-in application.
- d. After receipt of the baseline heat input and the baseline NO_x emissions rate for the unit under Section 14(c)(1)(iii) of this regulation:
1. The *Department* shall issue a draft NO_x Budget permit on the NO_x authorized account representative of the unit. Such permit shall meet all of the requirements of Section 7(c) of this regulation.
 2. Within 20 days after the issuance of the draft NO_x Budget permit, the NO_x authorized account representative of the unit shall either withdrawal its application or submit to the *Department* a confirmation of the intention to opt in the unit. The *Department* shall treat any failure to make a timely submission as a withdrawal of the NO_x Budget permit application.
 3. For units where the NO_x authorized account representative confirms the intention to opt in the unit, and after considering any comments received on the draft permit, the *Department* shall issue a final NO_x Budget permit pursuant to Regulation No. 2 or Regulation No. 30, as applicable. The unit shall be a NO_x Budget unit upon issuance of the NO_x Budget permit, and shall be subject to all of the requirements of this regulation.
- e. Notwithstanding Sections 14(a) through 14(d) of this regulation, at any time before the issuance of a final NO_x Budget permit:
1. The NO_x Budget Opt-in application may be withdrawn.
 2. If the *Department* determines that the unit does not qualify as an Opt-in unit, the *Department* shall deny the request to opt-in to the NO_x Budget Trading Program.
- f. Allocations to opt-in units.
1. Under no circumstances shall any allocation to any unit under Section 14(f) of this regulation necessitate adjustments to the allocation to any other NO_x Budget Unit.
 2. By April 1 immediately before the first control period for which any NO_x Budget permit becomes effective, and April 1 of each year thereafter, the *Department* shall submit to the Administrator an allocation for the next control period in accordance with Section 14(f)(3) of this regulation.
 3. Except as provided for in Section 3(b)(6) of this regulation

(pertaining to retired units), each *Opt-in unit* shall receive an annual allocation calculated as follows:

- i. The *Department* shall determine the *heat input* (in MMBTU) as the lesser of:
 - A. The *Opt-in unit's* baseline *heat input* determined pursuant to Section 14(c)(1)(ii) of this regulation; or
 - B. The *Opt-in unit's* *heat input* for the *control period* in the year prior to the year of the *control period* for which the NO_x allocations are being calculated, as determined in accordance with Section 8 of this regulation.
 - ii. The *Department* shall allocate NO_x allowances to the *Opt-in unit* in an amount equaling the *heat input* (in MMBTU) determined under Section 14(f)(3)(i) of this regulation multiplied by the lesser of:
 - A. The *Opt-in unit's* baseline NO_x emissions rate (in lb/MMBTU) calculated pursuant to Section 14(c)(1)(ii) of this regulation; or
 - B. The lowest NO_x emissions limitation (in terms of lb/MMBTU) that is applicable during the *control period* to the *Opt-in unit* under State or Federal law or regulation, regardless of the averaging period to which the emissions limitation applies.
- g. In the event that a *Opt-in unit* becomes a *NO_x Budget unit* under Sections 3(a)(1) of this regulation due to modification, reconstruction, or any other reason:
1. The *NO_x authorized account representative* shall, not later than 30 days after such change in the *Opt-in unit's* regulatory status, notify in writing the *Department* and the *Administrator* of such change in the *Opt-in unit's* regulatory status. This provision is in addition to, and does not exempt or exclude any other State or Federal requirement, including any requirement to secure or amend any construction or operation permit under Regulation No. 2, 25, or 30 of the State of Delaware "Regulations Governing the Control of Air Pollution."
 2. The *Administrator* shall deduct from the *NO_x Budget unit's* compliance account, or the associated overdraft account, NO_x allowances equal in number to and allocated for the same or a prior *control period* as:
 - i. Any NO_x allowances allocated to the *NO_x Budget unit* under

Section 14(g) of this regulation for any *control period* after the last *control period* during which the unit's *NO_x Budget permit* was effective; and

- ii. If the effective date the *NO_x Budget unit* becomes subject to Section 14(g) of this regulation is during a *control period*, the *NO_x allowances allocated* to the *NO_x Budget unit* under Section 14(f) of this regulation for that *control period* multiplied by the ratio of the number of days remaining in the *control period*, starting with the date the *NO_x Budget unit* becomes subject to Section 14(g) of this regulation, divided by 153.
- iii. If the *compliance account* or *overdraft account* does not contain sufficient *NO_x allowances*, the *Administrator* shall *deduct* the required number of *NO_x allowances*, regardless of the *control period* for which they were *allocated*, whenever *NO_x allowances* are *recorded* in either account.

12/11/00

Section 15 - General Accounts

- a. Any person may apply to open a *general account* for the purpose of holding and transferring *NO_x allowances* by submitting to the *Administrator* an application to establish a *general account*. Such application:
 1. Shall designate one and only one *NO_x authorized account representative*, and may designate one and only one alternate *NO_x authorized account representative*. Such *NO_x authorized account representative* and any alternate *NO_x authorized account representative* shall be selected by an agreement between all of the persons who have an *ownership interest* with respect to *allowances* held in the *general account*, that is binding on such persons. Such agreement shall include a procedure for authorizing any alternate *NO_x authorized account representative* to act in lieu of the *NO_x authorized account representative*.
 2. Shall include all of the following information in a format specified by the *Administrator*:
 - i. At the option of the *NO_x authorized account representative*, the organization name and the type of organization;
 - ii. The name, mailing address, e-mail address (if any), telephone number, and facsimile transmission number (if any) of the *NO_x authorized account representative* and any alternate *NO_x authorized account representative*.
 - iii. A list of all persons subject to a binding agreement for the *NO_x authorized account representative* or any alternate *NO_x authorized account representative* to represent their

ownership interest with respect to the *allowances* held in the *general account*.

- iv. The following certification statement by the *NO_x authorized account representative* and any alternate *NO_x authorized account representative*: "I certify that I was selected as the *NO_x authorized account representative* or the alternate *NO_x authorized account representative*, as applicable, by an agreement that is binding on all persons who have an ownership interest with respect to *allowances* held in the *general account*. I certify that I have all the necessary authority to carry out my duties and responsibilities under the *NO_x Budget Trading Program* on behalf of such persons and that each such person shall be fully bound by my representations, actions, inactions, or submissions and by any order or decision issued to me by the *Administrator* or a court regarding the *general account*."
 - v. The signature of the *NO_x authorized account representative* and any alternate *NO_x authorized account representative*, and the date(s) the account certificate of representation was signed.
3. Shall not include, unless otherwise required by the *Administrator*, documents of agreement referred to in the application to establish a *general account*. If *submitted*, the *Administrator* shall not be under any obligation to review or evaluate the sufficiency of such documents.
- b. Upon receipt by the *Administrator* of a complete application for a *general account* under Section 15(a) of this regulation:
1. The *NO_x authorized account representative* for the *general account* shall represent and, by his or her representations, actions, inactions, or submissions, legally bind each person who has an ownership interest with respect to *NO_x allowances* held in the *general account* in all matters pertaining to the *NO_x Budget Trading Program*, notwithstanding any agreement between the *NO_x authorized account representative* and such person. Any such person shall be bound by any order or decision issued to the *NO_x authorized account representative* by the *Administrator* or a court regarding the *general account*
 2. Any representation, action, inaction, or submission by the alternate *NO_x authorized account representative* shall be deemed to be a representation, action, inaction, or submission by the *NO_x authorized account representative*.
 3. The *Administrator* shall rely on the application *submitted* pursuant to Section 15(a) of this regulation unless and until the *Administrator* receives a superseding complete application for a

general account changing the *NO_x authorized account representative* or alternate *NO_x authorized account representative*. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous *NO_x authorized account representative* or alternate *NO_x authorized account representative* prior to the time and date when the *Administrator* receives the superseding application for a *general account* shall be binding on the new *NO_x authorized account representative* and alternate *NO_x authorized account representative* and the persons with an ownership interest with respect to the allowances in the *general account*.

4. Except as provided in Section 15(b)(3) of this regulation, no objection or other communication *submitted* to the *Administrator* concerning the authorization, or any representation, action, inaction, or submission of the *NO_x authorized account representative* or the alternate *NO_x authorized account representative* for a *general account* shall affect any representation, action, inaction, or submission of the *NO_x authorized account representative* or the alternate *NO_x authorized account representative*, or the finality of any decision or order by the *Administrator* under the *NO_x Budget Trading Program*.
5. The *Administrator* will not adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of any *NO_x authorized account representative* or the alternate *NO_x authorized account representative* for a *general account*.

c. Changes in Persons having Ownership Interest in any *General Account*.

1. Within 30 days following any change in the persons having an ownership interest with respect to *NO_x allowances* in the *general account*, including the addition of persons, the *NO_x authorized account representative* or any alternate *NO_x authorized account representative* shall *submit* a revision to the application for a *general account* amending the list of persons having an ownership interest with respect to the *NO_x allowances* in the *general account* to include the change.
2. In the event a new person having an ownership interest with respect to *NO_x allowances* in the *general account* is not included in the list of such persons in the account certificate of representation, such new person shall be deemed to be subject to and bound by the account certificate of representation, the representation, actions, inactions, and submissions of the *NO_x authorized account representative* and any alternate *NO_x authorized account representative* of the *source* or *unit*, and the decisions, orders, actions, and inactions of the *Administrator*, as if the new person were included in such list.

d. Submissions/Certifications.

1. The *NO_x authorized account representative* or the alternate *NO_x authorized account representative* shall sign and certify all submissions under the *NO_x Budget trading program* with the following certification statement: "I am authorized to make this submission on behalf of the persons having an ownership interest with respect to the *NO_x allowances* held in the *general account*. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information *submitted* in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for *submitting* false statements and information or omitting required statements and information, including the possibility of fine or imprisonment."
2. The *Administrator* shall accept or act on any submission made under the *NO_x Budget Trading program* only if that submission has been made, signed, and certified in accordance with Section 15(d)(1) of this regulation.

e. Closing of *general accounts*.

1. The *NO_x authorized account representative* of a *general account* may instruct the *Administrator* to close the account by *submitting* a statement requesting deletion of the account from the *NATS* and by correctly *submitting* for *recordation* under Section 10 of this regulation a request to transfer all *NO_x allowances* held in the account to one or more other *NATS* accounts.
2. If a *general account* shows no activity for a period of a year or more and does not contain any *NO_x allowances*, the *Administrator* may notify the *NO_x authorized account representative* for the account that the account will be closed and deleted from the *NATS* following 20 business days after the notice is sent. The account will be closed after the 20-day period unless before the end of the 20-day period the *Administrator* receives a correctly *submitted* transfer of *NO_x allowances* into the account under Section 10 of this regulation or a statement *submitted* by the *NO_x authorized account representative* demonstrating to the satisfaction of the *Administrator* good cause as to why the account should not be closed.

Appendix "A"

Allowance Allocations to NO_x Budget Units under Section 3(a)(1)(i) and 3(a)(1)(ii) of Regulation No. 39

- a. The *State trading program budget* allocated by the *Department* to NO_x Budget units identified in Section 3(a)(1) of Regulation No. 39 shall equal 5,227 tons of NO_x emissions for each NO_x control period, beginning with the year 2003 control period. Table 1 of this Appendix "A" identifies the NO_x Budget units that receive an allocation, and the size of that allocation. NO_x Budget units identified in Section 3(a)(1) of Regulation No. 39 that are not identified in Table 1 do not receive an allocation.
- b. Individual unit allocations identified in Table 1 of this Appendix "A" were determined as follows:
 1. The unit's base heat input was determined as the average of the units two highest heat inputs for May through September of any of the four years 1995, 1996, 1997, and 1998. Where a unit had heat input during May through September in only one of the years 1995 through 1998, and had zero heat input during May through September of the other three years, that unit's base heat input was determined as the heat input during the non zero year.
 2. The unit's base heat input determined in Section (b)(1) of this Appendix "A" was multiplied by a NO_x emissions rate factor, and divided by 2000 lb/ton.. NO_x emissions rate factor's used were:
 - i. For any unit that serves a generator with a nameplate capacity of 15 MWe or greater, but less than 25 MWe, the unit's actual average 1996 ozone season NO_x emission rate, in lb/MMBTU.
 - ii. For any unit that serves a generator with a nameplate capacity of 25 MWe or greater, 0.15 lb/MMBTU.
 - iii. For any unit that does not serve a generator, 0.17 lb/MMBTU.
 3. The tonnage determined in Section (b)(2) of this Appendix "A" for all subject units were added together.
 4. For each subject unit, the tonnage determined in Section (b)(2) of this Appendix "A" was divided by the tonnage determined in Section (b)(3) of this Appendix "A".
 5. The allocation to each subject unit was determined as the product of the factor determined in Section (b)(4) of this Appendix "A" and the state trading program budget identified in Section (a) of this Appendix "A", rounded to the nearest whole ton.

- c. Any *NO_x Budget unit* that receives an allocation under this Appendix "A" shall continue to receive that allocation for each *control period* unless and until such time as the *Department* revises this Appendix "A" pursuant to 7 Del. C., Chapter 60, and submits that revision to the *Administrator* as a revision to Delaware's State Implementation Plan.
- d. Timing requirements for *allocations*.
 - 1. No later than sixty (60) days after the effective date of Regulation No. 39, the *Department* shall submit to the *Administrator* allocations in accordance with this Appendix "A" for the 2003, 2004, and 2005 *control periods*.
 - 2. By April 1, 2003 and April 1 of each year thereafter, the *Department* shall submit to the *Administrator* allocations in accordance with this Appendix "A" for the *control period* in the year that is three years after the year of the applicable deadline for submission under Section (d)(2) of Appendix "A". If the *Department* fails to submit to the *Administrator* the allocations in accordance with this Section (d)(2), the *Administrator* shall allocate, for the applicable *control period*, the same number of allocations as were allocated for the preceding *control period*.

Table 1 - Individual Unit Allocations

OPERATOR	PLANT	UNIT	1995	1996	1997	1998	NOx	Allocation
			Heat Input (MMBTU)	Heat Input (MMBTU)	Heat Input (MMBTU)	Heat Input (MMBTU)	Emission Rate (lb/MMBTU)	
D-FD	MCKEE RUN	1	0	50446	87701	100459	0.368	19
D-FD	MCKEE RUN	2	386706	59928	94926	128866	0.368	53
D-FD	MCKEE RUN	3	1336784	957093	975350	1479802	0.15	119
D-FD	VAN SANT	1	61900	45590	51702	93782	0.15	7
FIRST STATE	FIRST STATE	127	642482	331239	802817	703689	0.614	259
CONECTIV	CHRISTIANA SUB	11	54550	15889	36385	56658	0.15	5
CONECTIV	CHRISTIANA SUB	14	54067	18804	30481	78256	0.15	6
CONECTIV	DELAWARE CITY	10	10962	3389	14401	1721	0.698	5
CONECTIV	EDGE MOOR	3	2620203	2545577	2930860	2409740	0.15	234
CONECTIV	EDGE MOOR	4	3716664	4772838	4069197	4731992	0.15	400
CONECTIV	EDGE MOOR	5	6395496	6634821	5502246	7638136	0.15	601
CONECTIV	EDGE MOOR	10	12039	7550	8953	4330	0.698	4
CONECTIV	MADISON STREET	10	8239	9830	5787	5328	0.698	4
CONECTIV	WEST SUBSTATION	10	21026	5094	11599	16191	0.698	7
CONECTIV	HAY ROAD	1	2841727	2563987	1491606	1665519	0.15	227
CONECTIV	HAY ROAD	2	2229278	2877121	831204	1829101	0.15	215
CONECTIV	HAY ROAD	3	596599	2684517	1343486	1684822	0.15	184
MOTIVA	DELAWARE CITY	2	1022582	1248427	1298731	1286865	0.17	123
MOTIVA	DELAWARE CITY	105	0	661482	939273	1100754	0.17	97
MOTIVA	DELAWARE CITY	12	1563456	1364509	1401081	1501642	0.17	146
MOTIVA	DELAWARE CITY	19	158563	215049	0	0	0.17	18
MOTIVA	DELAWARE CITY	34	1008710	1177668	1263378	1151553	0.17	116
MOTIVA	DELAWARE CITY	67	492647	1120816	1465546	1960436	0.15	144
MOTIVA	DELAWARE CITY	68	1827653	1834264	1963920	1577947	0.15	160
MOTIVA	DELAWARE CITY	69	1878837	1865021	1891042	1660522	0.15	159
MOTIVA	DELAWARE CITY	70	1825849	1933117	1905578	1806235	0.15	162
MOTIVA	DELAWARE CITY	72	1249817	0	0	0	0.17	119
MOTIVA	DELAWARE CITY	74	1340710	1340142	1507433	1524650	0.17	145
MOTIVA	DELAWARE CITY	CT	0	0	0	0	0.15	0
MOTIVA	DELAWARE CITY	CT	0	0	0	0	0.15	0
CONECTIV	INDIAN RIVER	1	2346108	1891753	1862828	2095177	0.15	187
CONECTIV	INDIAN RIVER	2	1738093	2176161	2226615	2371839	0.15	193
CONECTIV	INDIAN RIVER	3	3789624	3827660	4216963	4520919	0.15	368
CONECTIV	INDIAN RIVER	4	8304494	8250941	6635691	8975537	0.15	727
CONECTIV	INDIAN RIVER	10	29472	11931	28745	43603	0.698	14
Total								5227

Appendix "B"

Regulation No. 37 - Regulation No. 39 Program Transition

- a. Individual *Unit* Opt-ins. The *Department* may require any *unit* that is an *opt-in unit* under Regulation No. 37 of Delaware's "Regulations Governing the Control of Air Pollution" to be an *opt-in unit* under Section 14 of Regulation No. 39 of Delaware's "Regulations Governing the Control of Air Pollution."
- b. Penalties. For any *NO_x Budget unit* under Regulation No. 37 of Delaware's "Regulations Governing the Control of Air Pollution" that has *excess emissions* following the year 2002 *control period*, the *Administrator* shall *deduct* from the *unit's compliance account* or the *overdraft account* of the source where the *unit* is located a number of *NO_x allowances*, *allocated* for the 2003 or subsequent *control periods*, equal to three times the number of the *unit's excess emissions* in the 2002 *control period*.
- c. Regulation No. 37 transition *allocation*. Any Delaware source that holds, in its Regulation No. 37 *compliance account*, *NO_x allowances* that were *allocated* for the year 2000, 2001, or 2002 *control periods* under the OTC *NO_x Budget* program (i.e., Regulation No. 37 of Delaware's "Regulations Governing the Control of Air Pollution") and that were not used or required to be used for compliance with the requirements of Regulation No. 37 for the 2002 or prior *control period*, may be eligible for a special, one-time "transition *allocation*."
 1. An application for a transition *allocation* under Section (c) of this Appendix "B" shall be *submitted* to the *Department* no later than March 1, 2003, and shall include all of the following information:
 - i. Identification of the affected *NO_x Budget source* and *NO_x Budget unit*;
 - ii. Identification of the quantity of *NO_x allowances* remaining in the *unit's* Regulation No. 37 *compliance account* as of February 1, 2003;
 - iii. Identification by serial number of all *NO_x allowances* remaining in the *unit's* Regulation No. 37 *compliance account* as of February 1, 2003; and
 - iv. Certification by the *NO_x authorized account representative* consistent with Section 6(d) of Regulation No. 39.
 2. Not later than April 1, 2003, the *Department* shall approve or deny any request *received* under Section (c)(1) of this Appendix "B".
 - i. For any request that is approved, the *Department* shall

notify the *NO_x authorized account representative*, and shall submit to the Administrator an allocation to the *NO_x Budget unit's compliance account* in accordance with the provisions of Section (c)(3) of this Appendix "B".

ii. For any request that is not accurate or submitted in accordance with Section (c)(1) of this Appendix "B", the Department shall notify the *NO_x authorized account representative* that the request is denied, including the reason(s) for any denial.

3. Any *NO_x authorized account representative* whose request is approved under Section (c)(2)(i) of this Appendix "B" shall receive a transition allocation as follows:

i. If the total number of allocations requested, and as approved by the Department, totaled among all Delaware *NO_x Budget units* is 168 or less the Department shall allocate to each subject unit their requested allocation.

ii. If the total number of allocations requested, and as approved by the Department, totaled among all Delaware *NO_x Budget units* is greater than 168, the Department shall allocate to each subject unit according to the following formula:

$$\text{Unit's allocation} = [(\text{Unit's requested and approved allocation}) / (\text{Total number of requested and approved allocations among all Delaware sources})] \times (168)$$

where: "Unit's requested and approved allocation" is the number allocations requested by the unit's *NO_x authorized account representative* and approved by the Department in accordance Section (c)(2)(i) of this Appendix "B".

"Total number of requested and approved allocations among all Delaware sources" is the sum total of all allocations requested in accordance with Section (c)(1) of this Appendix "B", and approved by the Department in accordance with Section (c)(2)(i) of this Appendix "B", among all Delaware sources..

"Unit's allocation" shall be whole number, with all fractional allocations rounded down to the next whole number.

4. No later than May 1, 2003, the Department shall submit to the Administrator for recordation the allocations determined under Section (c) of this Appendix "B".

5. *Allocations recorded* under Section (c)(4) of this Appendix "B" may be *deducted* for compliance under Section 12 of this regulation for the *control periods* in 2003 or 2004. The *Administrator* shall *deduct* as retired any *NO_x allowance* that is *recorded* under Section (c)(4) of this Appendix "B" and is not *deducted* for compliance in accordance with Section 12 Regulation No. 39 for the 2003 or 2004 *control period*.
 6. *NO_x allowances recorded* under Section (c)(4) of this Appendix "B" shall be treated as *banked allowances* in 2004.
- d. To provide for the transition from the program established under Regulation No. 37 to the program established under this Regulation No. 39; for any *NO_x Budget unit* that is subject to both Regulation No. 37 and Regulation No. 39, the Department may allow that unit to comply with any requirement of Regulation No. 39 in lieu of any substantially equivalent requirement of Regulation No. 37. Such requirements may include, but are not limited to permitting, record keeping, monitoring, and reporting requirements.