

How do I apply for a new unit set-aside (NUSA) allocation? I have a unit that commenced commercial operation on or after January 1, 2010, and that therefore didn't receive an allocation as an existing unit under the CSAPR FIP.

No application or request is required to receive an allocation from your respective state's new unit set-aside allowance "pool." Eligibility for receiving a NUSA allocation and the allocation amount are both determined based on data that EPA already has (or will have).

How does EPA determine which units are eligible for a NUSA allocation?

Generally speaking, under the CSAPR FIP any CSAPR-affected unit that did not receive an allocation as an existing unit is eligible for a NUSA allowance allocation. Since EPA records all CSAPR allowance allocations to existing units, it knows which units did not receive such an allocation. Note that an allocation of "0" allowances to an existing unit **does** constitute an allocation and would bar such a unit from receiving a NUSA allowance allocation.

How does EPA determine how many allowances a unit eligible for a NUSA allocation will receive?

NUSA allocation amounts are based on a unit's emissions from the **previous** control period, and in some cases (e.g., where a unit commenced commercial operation during the previous control period) may also be based on the unit's emissions from the **current** control period. The unit's emissions from the applicable control period(s) set a "cap" on the maximum number of NUSA allowances a unit may receive.

So, for example, if a unit was in commercial operation for all of calendar 2014 and emitted 100 tons of NO_x during that year, that unit will receive a maximum NUSA allocation of 100 CSAPR NO_x annual allowances for 2015?

Yes, and that would be the allocation amount the unit would receive **if the NUSA allowance pool in the state where the unit is located is not oversubscribed**. If a NUSA allowance pool is oversubscribed, that unit would receive less than 100 allowances, and the allocation amount would be determined on a pro rata basis. For example, if the state's 2015 NUSA allowance pool held 950 allowances and all units in the state eligible to receive allocations from the pool had collective 2014 emissions of 1000 tons, then each eligible unit would receive a 2015 NUSA allocation equal to approximately 95% of its 2014 emissions.

How will I know if my units are receiving a NUSA allocation, and what the allocation amounts will be? Will EPA notify me?

Under the CSAPR FIPs, there are two "rounds" of NUSA allocations for each CSAPR trading program for each calendar year. For each round, preliminary and final "notices of data availability" (NODAs) will be published in the Federal Register. Each NODA will identify a link on CAMD's website to a spreadsheet listing the units EPA believes are eligible for NUSA allocations and providing the associated emissions data, EPA calculations, and allocation amounts. Interested parties may comment on a preliminary NODA if they find any errors in the posted data.

When each preliminary NODA is published in the Federal Register and the associated spreadsheet is posted on CAMD's CSAPR website, EPA will also send an email to DRs and ADRs with new CSAPR units (and to certain Agents associated with such DRs and ADRs) that will include links to the notice and the spreadsheet.

EPA automatically sends an email notice to the DR, ADR, and certain Agents when allowance allocations are recorded in the compliance accounts of facilities, and will follow this procedure when CSAPR NUSA allowance allocations are recorded.

When are the NUSA NODAs published?

For the **1st round** of NUSA allocations for all CSAPR trading programs, the **preliminary** NODA must be published no later than **June 1st** of the compliance year, and the **final** NODA must be published no later than **August 1st** of the compliance year (which is also the deadline by which EPA must record the NUSA 1st round allocations).

The NODA publication dates for the **2nd round** of NUSA allocations differ for the ozone season and annual trading programs. For the **2nd round** for the **CSAPR NO_x Ozone Season Trading Program**, the **preliminary** NODA must be published no later than **September 15** of the compliance year, and the **final** NODA must be published no later than **November 15** of the compliance year (which is also the deadline by which EPA must record the NUSA 2nd round allocations for that trading program).

For the **2nd round** for the **CSAPR NO_x Annual, SO₂ Group 1, and SO₂ Group 2 Trading Programs**, the **preliminary** NODA must be published no later than **December 15** of the compliance year, and the **final** NODA must be published no later than **February 15** of the following year (which is also the deadline by which EPA must record the NUSA 2nd round allocations for those trading programs).

For which years is EPA allocating the CSAPR NUSA allowances under the CSAPR FIPs?

EPA will administer the NUSA allocations for all states and CSAPR trading programs for 2015 and 2016, including those states that submit SIP revisions to allocate CSAPR allowances to their existing units for 2016. For compliance years starting with 2017, states may elect to submit SIP revisions that allocate allowances to **all** their CSAPR-affected units, both new and existing. EPA will continue to administer the new unit set-aside for 2017 and subsequent years until a superseding SIP revision is submitted by a state and approved by EPA.

My new unit commenced commercial operation this year. Will it receive a new unit set-aside (NUSA) allowance allocation under the CSAPR FIP?

Perhaps. The NUSA allocations procedures allocate allowances to new units (units that commenced commercial operation on or after January 1, 2010) in two stages (or "rounds", as they are referred to informally). Both the 1st and 2nd rounds allocate allowances from the same pool of allowances established for new units, and the calculations to determine allocation amounts for units for both rounds are emissions-based. New units that emitted before the current control period are eligible for both rounds, while new units that did not emit until the current control period are eligible only for the second round.

The NUSA allowance pool for the state may or may not be entirely used up by allocations to eligible units in the 1st round. A unit eligible for a 2nd round NUSA allocation may receive an allocation in the 2nd round if there are allowances left in the NUSA allowance pool for the state after allocations for the 1st round have been completed.

So new units that are eligible for a NUSA 1st round allocation (i.e., new units that emitted in the previous control period) are given first preference for getting a NUSA allowance allocation?

Yes.

If all of a state's NUSA allowance pool is claimed by new units in the 1st round, will a new unit eligible only for a 2nd round NUSA allocation still receive a NUSA allocation?

No. If all of the allowances in a state's NUSA allowance pool are allocated in the 1st round, no allocations will be made to new units that year that are only eligible for a 2nd round allocation.

But if a state's NUSA allowance pool isn't "oversubscribed" in the 1st round, then a unit eligible for a 2nd round allocation will receive an allocation?

Probably, depending on how many allowances are left in the state's NUSA allowance pool after completion of the 1st round and how that amount compares to the sum of all 2nd round allocation maximums for each eligible unit.

Let's say that there are plenty of allowances left in the 2nd round to cover all eligible units and their allocation "maximums." If a unit that commenced commercial operation this year that was eligible for a 2nd round NUSA allocation emitted 50 tons of SO₂ in the current control period, would that unit receive a 50 allowance allocation in the 2nd round?

Under 40 CFR part 75, units often start **recording** their emissions **before** the monitor certification deadline. However, for compliance purposes, only emissions that occurred **after** the monitor certification deadline are required to be covered by allowance holdings in a compliance account. For example, let's say unit 1 was required under 40 CFR part 75 to begin **recording** emissions on June 1, 2015, and had a monitor certification deadline of August 1, 2015. Let's further assume that unit 1 emitted 30 tons of SO₂ from June 1 through December 31, but had emitted only 10 of those tons after the August 1, 2015 deadline for monitor certification. For compliance purposes, unit 1 would only need 10 allowances by the March 1, 2016 allowance transfer deadline for 2015 to cover its 2015 SO₂ emissions. In like manner, 2nd round NUSA allocations to units that have monitor certification deadlines that fall in the control period are based on emissions that occur **after** the monitor certification deadline. Since unit 1 emitted 10 tons of SO₂ in 2015 after its monitor certification deadline, it would receive a 2nd round NUSA allocation of 10 allowances, the same number of allowances it would need for compliance purposes for 2015.

What is the purpose of having two NUSA "rounds"? Wouldn't one round suffice?

Under the **CAIR** FIP, NUSA allocations were based solely on a unit's previous control period emissions. Units operating in their very first control period would therefore not receive a NUSA allocation for the current year, and owners and operators would have to acquire allowances through other means (purchase, etc.) to meet the requirement to hold enough allowances to account for emissions from the newly operating unit for compliance purposes. The 2nd round of the CSAPR NUSA process was created to help ease the burden on owners and operators of acquiring allowances for compliance purposes for units operating in their very first year.