

redesignating paragraphs (b) and (c) as paragraphs (c) and (d), and by adding a new paragraph (b) as follows:

§ 436.16 Establishing non-fuel and non-water cost categories.

* * * * *

(b) The relevant non-water cost categories are—

- (1) Investment costs;
- (2) Non-water operation and maintenance cost;
- (3) Replacement cost; and
- (4) Salvage value.

* * * * *

9. Section 436.17 is amended by revising the section heading and by adding paragraphs (c) and (d) to read as follows:

§ 436.17 Establishing energy or water cost data.

* * * * *

(c) Each Federal agency shall establish water costs in the base year by multiplying the total units of water used in the base year by the price per unit of water in the base year as determined in accordance with § 436.14(c).

(d) When water costs begin to accrue in the base year, the present value of water costs over the study period is the product of water costs in the base year as established under § 436.17(a), or as calculated by computer software provided or approved by DOE and used with the official discount rate and assumptions under § 436.14. When water costs begin to accrue at a later time, subtract the present value of water costs over the delay, calculated using the uniform present worth factor for the period of delay, from the present value of water costs over the study period or, if using computer software, indicate a delayed beneficial occupancy date.

10. Section 436.18 is amended by revising the introductory text to paragraph (c), paragraph (d), the first sentence of paragraph (e) and paragraph (f) to read as follows:

§ 436.18 Measuring cost-effectiveness.

* * * * *

(c) Replacement of a building energy or water system with an energy or water conservation measure by retrofit to an existing Federal building or by substitution in the design for a new Federal building shall be deemed cost-effective if—

* * * * *

(d) As a rough measure, each Federal agency may determine estimated simple payback time under § 436.23, which indicates whether a retrofit is likely to be cost effective under one of the four calculation methods referenced in § 436.18(c). An energy or water

conservation measure alternative is likely to be cost-effective if estimated payback time is significantly less than the useful life of that system, and of the Federal building in which it is to be installed.

(e) Mutually exclusive alternatives for a given building energy or water system, considered in determining such matters as the optimal size of a solar energy system, the optimal thickness of insulation, or the best choice of double-glazing or triple-glazing for windows, shall be compared and evaluated on the basis of life cycle costs or net savings over equivalent study periods. * * *

(f) When available appropriations will not permit all cost-effective energy or water conservation measures to be undertaken, they shall be ranked in descending order of their savings-to-investment ratios, or their adjusted internal rate of return, to establish priority. If available appropriations cannot be fully exhausted for a fiscal year by taking all budgeted energy or water conservation measures according to their rank, the set of energy or water conservation measures that will maximize net savings for available appropriations should be selected.

* * * * *

11. Section 436.19 is amended by revising paragraph (d) to read as follows:

§ 436.19 Life cycle costs.

* * * * *

(d) Energy and/or water costs.

12. Section 436.21 is revised to read as follows:

§ 436.21 Savings-to-investment ratio.

The savings-to-investment ratio is the ratio of the present value savings to the present value costs of an energy or water conservation measure. The numerator of the ratio is the present value of net savings in energy or water and non-fuel or non-water operation and maintenance costs attributable to the proposed energy or water conservation measure. The denominator of the ratio is the present value of the net increase in investment and replacement costs less salvage value attributable to the proposed energy or water conservation measure.

13. Section 436.22 is revised to read as follows:

§ 436.22 Adjusted internal rate of return.

The adjusted internal rate of return is the overall rate of return on an energy or water conservation measure. It is calculated by subtracting 1 from the Nth root of the ratio of the terminal value of savings to the present value of costs, where N is the number of years in the

study period. The numerator of the ratio is calculated by using the discount rate to compound forward to the end of the study period the yearly net savings in energy or water and non-fuel or non-water operation and maintenance costs attributable to the proposed energy or water conservation measure. The denominator of the ratio is the present value of the net increase in investment and replacement costs less salvage value attributable to the proposed energy or water conservation measure.

14. Section 436.23 is revised to read as follows:

§ 436.23 Estimated simple payback time.

The estimated simple payback time is the number of years required for the cumulative value of energy or water cost savings less future non-fuel or non-water costs to equal the investment costs of the building energy or water system, without consideration of discount rates.

15. Section 436.24 is amended by revising the last sentence in the Section as follows:

§ 436.24 Uncertainty analyses.

* * * * * If additional analysis casts substantial doubt on the life cycle cost analysis results, a Federal agency should consider obtaining more reliable data or eliminating the building energy or water system alternative.

[FR Doc. 95-21156 Filed 8-24-95; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Ch. 1

[FRL-5285-3]

Open Market Trading Rule for Ozone Smog Precursors

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed policy statement and model rule; Notice of public hearing; correction.

SUMMARY: This notice contains the text of the proposed model open market trading rule (OMTR) for ozone smog precursors which was inadvertently omitted in the original **Federal Register** publication on August 3, 1995 (60 FR 39668 (August 3, 1995)). The model OMTR is intended to serve as a template for State development of open market trading programs. States that adopt the final model OMTR, will receive automatic EPA approval of the State implementation plan (SIP) revision containing the model OMTR. SIP

revisions containing variations on the model OMTR will be expeditiously reviewed by EPA in accordance with EPA's final policy on open market trading.

FOR FURTHER INFORMATION CONTACT:

Anyone with a computer and a model can download the full text of the preamble and proposed model rule from the Clean Air Act Amendments bulletin board (under "Recently Signed Rules") on EPA's Technology Transfer Network (TTN) by calling 919-541-5742 or Internet access via TELNET ttnbbs.rtpnc.epa.gov. For TTN assistance call 919-541-5384 between the hours of 1:00 p.m. and 5:00 p.m. EST. For further information about the proposed OMTR, contact Nancy A. Mayer, U.S. EPA, MD-15, Research Triangle Park, North Carolina 27711, telephone 919-541-5390, fax 919-541-0839; or Scott L. Mathias, U.S. EPA, MD-15, Research Triangle Park, North Carolina 27711, telephone 919-541-5310, fax 919-541-0839.

SUPPLEMENTARY INFORMATION: The contents of the proposed model open market trading rule for ozone smog precursors are listed in the following outline:

- I. Purpose
- II. Definitions
- III. General Rules for Generation and Use
 - A. General Rule
 - B. Government Approvals
 - C. Market Participation
 - D. Time of Use
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 - H. Use Limitations
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 1. NO_x DER's

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- VII. Recordkeeping and Public Availability
 - A. Recordkeeping
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 - A. General Rule
 - B. USEPA-Approved Protocols
 - C. Protocol Elements
 - D. Emission Quantification Methods
- IX. DER Use for NSR and Conformity Purposes
 - A. General Rule
 - B. Specific Requirements for NSR
- X. Program Audits
- XI. Enforcement
 - A. Compliance Burden
 - B. Violation Day Definition for User Source Excess Emissions

I. Purpose

To establish a process whereby sources may generate and use discrete emission reductions for compliance with VOC and NO_x requirements in the Act while complying with all other applicable requirements of the Act.

II. Definitions

Terms not defined in this part shall have the meaning given in the Act and EPA regulations (40 CFR) [or State citations].

Act means the Clean Air Act as amended in 1990.

Activity level means the amount of activity at a source measured in terms of production, use, raw materials input, vehicle miles traveled, or other similar units that have a direct correlation with the economic output of the source and is not affected by changes in the emissions rate (i.e., mass per unit of activity).

Actual emissions rate means the actual rate of emissions of a pollutant from a source. Actual emissions as of a particular date shall equal the average rate, in mass per unit of time or mass per unit of activity, at which the unit actually emitted the pollutant during a two-year period which precedes the particular date and which is representative of normal source operation at a particular time. A different time period may be used if that is more representative of normal source operation. Actual emissions shall be calculated using the unit's actual operating hours, production rates, types of materials processed, stored, or combusted during the selected time period.

Allowable emission rate means any emission limit applicable to a particular source including all Federal and State requirements for the control of tropospheric ozone and the requirements of Title IV of the Act, including but not limited to, all requirements in a SIP, the inventories

contained in any attainment strategy, maintenance demonstration or ROP plan for any NAAQS as well as source-specific or source-category-specific permits.

Alternative emission limitation means any emission limit that applies to a specific source that is less stringent than the limit contained in the SIP approved by the [State authority] generally for similar sources.

Applicable emissions inventory means the emission inventory that forms the basis for an attainment demonstration or strategy, a ROP plan, or maintenance plan submitted to or acted on by USEPA.

Applicable implementation plan or applicable SIP means the portion (or portions) of the SIP or most recent revision thereof, which has been approved under section 110 of the Act, or promulgated under section 110(c) of the Act (Federal implementation plan), or promulgated or approved pursuant to regulations promulgated under section 301(d) of the Act and which implements the relevant requirements of the Act.

Area source means those small or diverse stationary source that are not required to be, and are not individually included in a stationary source emissions inventory. The term area sources include emissions related to consumer and commercial products.

Attainment area means any area of the country designated or redesignated by EPA at 40 CFR part 81 in accordance with section 107(d) of the Act as unclassifiable or better than the national ambient air quality standards for ozone [or State may cite its regulations, or list its areas].

Attainment demonstration means the State rules that comply with the requirement in section 172(c)(1), 182(b)(1), or 182(c)(2) of the Act to demonstrate that the specific emission reductions included in the SIP are sufficient to attain the ozone NAAQS by the date applicable to the area [or State citation of their plan].

Baseline emission rate means a generating source's actual emissions rate or allowable emissions rate considering all applicable State and Federal regulations.

Best available control technology (BACT) is as defined in 40 CFR part 51.166(b)(12) [State may add the cite to its rules if they are USEPA-approved].

Conformity purposes means any reductions required to comply with the conformity requirements contained in 40 CFR part 51, subparts T and W, and part 93, subparts A and B.

Contingency measure means any emission control measure that is adopted into the SIP which shall be

implemented whenever there is a failure to meet the ROP requirement in section 185 of the Act or a failure to attain a NAAQS as projected in an approved attainment demonstration.

Curtailed means a temporary or partial reduction in activity level (e.g., hours of operation and process rate). For purposes of this rule, curtailment shall not include a reduction in activity levels for a mobile source that occurs as a result of an activity reduction plan that is the subject of a USEPA emissions quantification protocol.

Discrete emission reduction (DER) means an emission reduction generated over a discrete period of time, and measured in weight (e.g., tons).

Emissions cap means an emissions limit that is measured as mass emissions per unit of time.

Emissions unit means any part of a source that emits or would have the potential to emit VOC or NO_x.

Fuels and fuel delivery system, for mobile sources, means fuels intended for use in mobile sources and the distribution systems associated with those fuels including, but not limited to, pipelines, tanker trucks, storage tanks, and dispenser pumps.

Generator source means any source that generates a DER.

Generation period means the period of time over which a DER is generated.

Lowest achievable emissions rate (LAER) means the control technology defined at 40 CFR 51.165(a)(1)(xiii) [or State may insert citation to its rules].

Maintenance area means any area with a maintenance plan approved under section 175 of the Act [or State may insert the list of its areas].

Maintenance plan means a revision to the applicable SIP, meeting the requirements of section 175A of the Act.

Mobile source means any vehicle or engine used for on-highway or nonroad purposes, the mobile-source related fuels and/or fuel delivery systems used by those vehicles or engines. For the purpose of this definition, nonroad vehicles and engines include those used in marine vessels, locomotives, and airplanes, as well as those described in the definition of nonroad contained in the Act.

Modeling domain means a geographic area covered by an air quality model used to support an attainment or maintenance demonstration. Specifications for existing modeling domains are available through the USEPA's Technology Transfer Network (TTN).

National ambient air quality standards (NAAQS) means the standards set by EPA at 40 CFR part 50 under section 109 of the Act.

New Source Review (NSR) means the permitting requirements for major new and modified sources contained in Parts C and D of Title I of the Act and in 40 CFR parts 51.165, 51.166 and part 52.21. [State may add citations to SIP rules if they are USEPA-approved]

Nonattainment area means any area designated at 40 CFR part 81 in accordance with section 107(d) of the Act as nonattainment for ozone.

Normal source operation means the average actual activity rate of a source necessary for determining the actual emissions rate for the two years prior to the date necessary for determining actual emissions, unless some other time period is more representative of the operation of the source. A source may use either the simple arithmetic mean (sum of emissions for 12 months divided by 12) or the mean plus one standard deviation if sufficient data are available to determine the normal source operation for the shorter time period.

NO_x means oxides of nitrogen, including nitric oxide (NO) and nitrogen dioxide (NO₂) and not including, for purposes of this rule, nitrous oxide (N₂O).

Operator means the individual who is in control of or in charge of a source while it is in operation. For all requirements of this section, the operator is considered to be an agent of the owner.

Owner means a person who claims lawful possession of a source by virtue of legal title or equitable interest therein which entitles him to such possession.

Ozone season means the portion of year when ozone monitoring is required to occur in a specific geographic area as defined in 40 CFR part 58 appendix D.

Person means an individual, corporation, partnership, association, State, municipality, firm, political subdivision of a State, and any agency, department, or instrumentality of the United States and any officer, agent, or employee thereof.

Protocol means a replicable and workable method to estimate the mass of emissions reductions, or the amount of DER's needed for compliance, that meets USEPA's approval criteria.

Quantifiable means that the quantity of emission reductions can be measured or estimated by accurate and replicable techniques. These techniques shall be at least as accurate and replicable as the techniques accepted by the USEPA for SIP purposes, where accepted techniques exist.

Rate of progress (ROP) plan means a SIP providing for the incremental emission reductions required by section

182(b)(1) and 182(c)(2)(B) of the Act [or State may insert the cite for its plans].

Shutdown means the permanent cessation of the activity that results in emissions at all or part of a source. For purposes of this rule, scrapping of mobile sources is not considered a shutdown.

Source means any mobile, area, or stationary source.

State means State, local government, or Indian-governing body.

State implementation plan (SIP) means a plan developed by an authorized governing body, including a State, local government, and Indian-governing body, as required under Titles I and II of the Act, and approved by the USEPA.

Stationary source means any building, structure, facility or installation which emits or may emit any air pollutant subject to regulation under the Act. Building, structure, facility or installation includes all pollutant emitting activities that are located on one or more contiguous or adjacent properties, and are under the common control of the same person (or persons under common control).

Surplus emission reduction means, in general, any emission reduction that is not otherwise required of a source. Any emission reduction that complies with sections IV(A) and IV(B) is considered surplus for purposes of this rule.

Use period means the period of time over which the user source applies the DER's to an applicable emission reduction requirement.

USEPA means the United States Environmental Protection Agency.

User source means any source that seeks to use DER's to comply with an applicable emission reduction requirement.

Volatile organic compounds (VOC) means all emissions included at 40 CFR part 51.100(s) as measured by a USEPA test method [or State may insert citation to its definition].

III. General Rules for Generation and Use

(A) *General Rule*. Except as provided under section IV(B), any source may generate a DER by reducing emissions, in the amount determined under section IV(A). DER generators must ensure that DER's, are real, properly quantified, and surplus.

(B) *Governmental Approvals*. No prior Federal, State, or local governmental approval is necessary for the use of DER's, except for DER's that are used for NSR offsets, in which case State approval pursuant to an approved NSR rule is required.

(C) *Market Participation.* Any person may, at any time, transfer, buy, sell, trade, or otherwise convey DER's to another person in any manner in accordance with the laws of [State].

(D) *Time of Use.* DER's may be used any time after the State has received the Notice and Certification of Generation pursuant to section IV(C).

(E) *Limited Authorization To Emit.* A DER created under this rule is a limited authorization to emit NO_x and/or VOC in accordance with the provisions of this rule and the Act as well as regulations promulgated thereunder. A DER does not constitute a property right. Nothing in this rule shall be construed to limit the authority of the [State authority] or the United States to terminate or limit such authorization.

IV. DER Generation

(A) Computation of DER's

(1) *General Rule.* The amount of DER's shall be the difference between—

(a) The amount of VOC or NO_x emissions that would have been emitted during the generation period based on actual activity levels during that period and the lower of (i) the lowest applicable allowable emissions rate, or (ii) the actual emissions rate based on normal source operation, and

(b) The amount of actual emissions during the generation period based on actual activity levels during that period.

(2) [States may delete this paragraph at their discretion] *Areas with Approved Attainment Demonstrations or Maintenance Plans.* In an area with a USEPA-approved attainment demonstration or maintenance plan, the amount of DER's shall be the difference between—

(a) The amount of VOC or NO_x emissions that would have been emitted during the generation period based on actual activity levels during that period and the lowest applicable allowable emissions rate, and

(b) The amount of emissions during the generation period based on actual activity levels during that period.

(3) *Sources Subject to Emissions Caps.*

(a) For purposes of subsection[s] (1) [and (2)] of this section, the term "allowable emissions rate" includes a source's allowable amount of total emissions for the generation period, as may be specified in that source's Federally enforceable operating permit, in the SIP, or included with respect to that source in the attainment demonstration or maintenance plan (or the emissions inventory that forms the basis for such demonstration or plan).

(b) For sources subject to this subsection, if the generation period

differs from the period of the emissions cap, the allowable emissions rate for the generation period shall be adjusted to reflect the proportion of the generation period to the period of the emissions cap.

(c) Amounts determined under subsection[s] (1) [and (2)] of this section, must be adjusted to the extent necessary to exclude emission reductions resulting from shutdowns or curtailments.

(4) *Sources Subject to Multiple Emissions Limitations.* If a source is subject to multiple emissions limitations, the amount of DER's shall be determined by reference to the emissions limitation that results in the least amount of DER's.

(5) *Protocols.* The amount of DER's must be calculated using quantification protocols that meet the requirements of section VIII.

(B) *Limitations on Generation.* A DER shall not be formed by emissions reductions of activities or source categories identified in this subsection:

(1) Shutdowns;

(2) Curtailments;

(3) Modification or discontinuation of any activity that is otherwise in violation of any Federal, State or local law;

(4) Emissions reductions required to comply with any provision under the Act for control of tropospheric ozone and Title IV of the Act, including but not limited to—

(a) Administrative orders issued pursuant to enforcement actions.

(b) Any provision of a Federal implementation plan.

(c) Requirements for ROP or attainment of the ozone NAAQS.

(5) Emission reductions of hazardous air pollutants, as defined in section 112 of the Act, from application of a standard promulgated under section 112 of the Act.

(6) Reductions credited or used under any other emissions trading program, including any mobile source averaging, banking, and trading program.

(7) Emission reductions occurring at a source which received an alternative emission limitation to meet a State RACT requirement, except to the extent that the emissions are reduced below the level that would have been required had the alternative emission limitation not been issued.

(8) Emission reductions generated prior to the start of the ozone season in 1995.

(9) Any source subject to a RACT limit pursuant to the Act, but with respect to which the State has not determined the RACT limit, until the State determines RACT through a permit or SIP approval action.

(C) *Notice and Certification of Generation.*

(1) *General Rule.* The owner or operator of a generator source shall provide a Notice and Certification of Generation to [State authority]:

(a) No later than 90 days after the DER generation activity was completed,

(b) One year after the first day of the generation period (and at least annually thereafter), or

(c) Prior to the first day of the use period, whichever is sooner.

The Notice and Certification of Generation shall be publicly available pursuant to section VII(B).

(2) *Required Information.* The Notice and Certification of Generation shall include the following information, submitted on [State form ———]:

(a) For stationary source reductions, identifying information, including—

(i) The name and address of the generator, and

(ii) The name of the owner and/or operator of the generator source.

(b) For mobile sources related reductions, identifying information as required in the applicable USEPA approved protocol or described in USEPA guidance on protocols.

(c) The generation period and the unique serial numbers assigned by the [State authority] to each ton of DER's.

(d) A brief description of the generation activity.

(e) The amount of DER's generated during the ozone season and the amount of DER's generated during other parts of the year.

(f) The protocols that were used to calculate and document the DER's.

(g) Information on all the generator source's applicable allowable emission rates.

(h) A statement that the reductions were calculated in accordance with section IV(A).

(i) A statement that the DER's were not generated in whole or in part from actions prohibited pursuant to section IV(B).

(j) For each source subject to reporting toxic chemical releases for the Community Right-to-Know provisions under 40 CFR part 372, the estimated amount of hazardous air pollutants, as defined below, emitted to the air as the result of the generation of the DER.

(i) A pollutant shall be reported under this paragraph, only if it is listed both in 40 CFR 372.65 and section 112(b) of the Act, and a chemical which the source is reporting or expects to report under 40 CFR part 372 for the calendar year in which the DER was generated.

(ii) The requirements in 40 CFR 373.30(b) shall be followed for the notice.

(iii) The exemptions listed in 40 CFR 372.38 for determining the amount of release to be reported under 40 CFR 372.30 shall also be exemptions for determining the amount emitted under this section.

(iv) The notice shall include:

(A) The name and CAS number (if applicable) of the chemical reported;

(B) If the chemical identity is claimed trade secret under 40 CFR 372, a generic name for the chemical as reported under 40 CFR 372.85(b)(11);

(C) A mixture component identity if the chemical identity is not known; and

(D) An estimate of total air emissions, in pounds, for the relevant time period of DER generation. Releases of less than 1,000 pounds may be indicated in ranges.

(3) *Certification Under Penalty of Law.* Any Notice and Certification of Generation submitted pursuant to this subsection shall contain certification under penalty of law by a responsible official of the generator source of truth, accuracy and completeness. This certification shall state that based on information and belief formed after reasonable inquiry, the statements and information in the document are true, accurate and complete.

V. DER Use

(A) *Time of Acquisition.* DER's may not be used unless they are acquired by the user source before the compliance period for which the specific DER's are to be used.

(B) *Sufficiency.* The user source must hold sufficient DER's to cover its compliance obligation at all times.

(C) *Operating Permits.*

(1) For sources subject to the requirement to obtain a permit under a Federally approved operating permit program, the permit, when issued or revised, shall authorize the use of DER's for compliance purposes.

(2) The Notices of Intent to Use DER's and Notice and Certification of Use shall be stored with the user source's operating permit, if applicable.

(D) *Environmental Contribution.* At the time of use, DER users shall permanently retire ten percent of all DER's dedicated to that particular use. That is, the amount of DER's required to demonstrate compliance equals the source's calculated need divided by 0.9.

(E) *Compliance Calculation.* The amount of DER's needed to demonstrate compliance shall be the difference between—

(1) The actual emissions expressed in units of mass or the alternative limit under which the source will operate, and

(2) The allowable emissions based on actual activity levels expressed in units of mass.

(F) *Notice of Intent to Use DER's.*

(1) *General Rule.* DER's may be used only if the owner or operator of the user source submits to [State authority] a Notice of Intent to Use DER's. The Notice of Intent to Use DER's shall be submitted at least 30 days before the intended use period begins, and at least annually if the use period is greater than one year. The Notice of Intent to Use DER's shall be made publicly available pursuant to section VII(B).

(2) *Required Information.* The Notice of Intent to Use DER's shall include the following information submitted on [State form _____]:

(a) The name and location of the user.

(b) The emissions unit or application name, the permit or identification number (if applicable), and the applicable pollutant.

(c) The applicable State and Federal requirements that the DER's will be used to comply with and the intended use period.

(d) A copy of the Notice and Certification of Generation submitted by the generator source to the State.

(e) The emission quantification protocols that will be used to document the amount of DER's needed to demonstrate compliance.

(f) For each source subject to reporting toxic chemical releases for the Community Right-to-Know provisions under 40 CFR part 372, the estimated amount of hazardous air pollutants expected to be emitted to the air as the result of the use of the DER's to meet the otherwise applicable requirements. The estimated amount shall include expected emissions increases and any expected forgone emission reductions due to use of the DER's instead of non-DER compliance with otherwise applicable requirements. The same procedures shall be followed as for the similar requirements under the Notice and Certification of Generation (see section IV(C)(2)(j)).

(G) *Notice and Certification of Use.*

(1) *General Rule.* The owner or operator of a user source shall submit to [State authority] a Notice and Certification of Use that contains the information described in paragraph (2) of this subsection within 90 days after the end of the use period or one year after the beginning of the use period, whichever is sooner. The owner or operator of a user source shall provide the required information for each increment of DER's used over a time period not to exceed one year. The Notice and Certification of Use shall be

made publicly available pursuant to section VII(B).

(2) *Required Information.* The Notice and Certification of Use shall include the following information submitted on [State form _____]:

(a) The name and location of the owner or operator of the user source.

(b) The date(s) on which the DER's were acquired.

(c) The amount of DER's used and the associated serial numbers assigned by the [State authority].

(d) The use period.

(e) The applicable State and Federal requirements that the DER's were used to comply with.

(f) The emissions quantification protocols that were used to calculate the amount of DER's required to demonstrate compliance and documentation for the compliance calculation under subsection (E) of this section.

(g) A statement that due diligence was made to verify that the DER's were not previously used, not generated as a result of actions prohibited under this regulation or other provisions of law.

(h) A statement that the DER's were not used in a manner prohibited under this regulation or other provisions of law.

(i) A copy of the relevant Notice and Certification of Generation.

(j) For each source subject to reporting toxic chemical releases for the Community Right-to-Know provisions under 40 CFR part 372, the estimated amount of hazardous air pollutants emitted to the air as the result of the use of the DER to meet otherwise applicable requirements. The estimated amount shall include emissions increases and any forgone emission reductions due to use of DER's instead of non-DER compliance with otherwise applicable requirements. The same procedures shall be followed as the similar requirement under the Notice and Certification of Generation (see section IV(C)(2)(j)).

(3) *Certification Under Penalty of Law.* Any Notice and Certification of Use submitted pursuant to this regulation shall contain certification under penalty of law by a responsible official of truth, accuracy and completeness. This certification shall state that based on information and belief formed after reasonable inquiry, the statements and information in the document and in referenced documents attached are true, accurate and complete.

(H) *Use Limitations.* DER's may not be used—

(1) Before acquisition by the user of the DER's;

(2) For netting or other means to avoid the applicability of NSR requirements;

(3) For NSR offsets or conformity purposes unless the requirements of section IX are met;

(4) To meet Act requirements for new source performance standards (NSPS) under section 111; lowest achievable emission rate (LAER) standards under section 173(a)(2); best available control technology (BACT) standards under section 165(a)(4); hazardous air pollutant (HAP) standards under section 112; standards for solid waste combustion under section 129; requirements for a vehicle inspection and maintenance program under sections 182(b)(4) or (c)(3); requirements for an employer trip reduction program under section 182(d)(1)(B); ozone control standards set under section 183; clean fueled fleet requirements under section 246; motor vehicle emissions standards under section 202; standards for nonroad vehicles under section 213; requirements for reformulated gasoline under section 211(k); or requirements for Reid vapor pressure standards under section 211(h) and (i);

(5) State motor vehicle emission standards;

(6) To meet requirements for one class of tropospheric ozone precursor by using DER's generated in a different class of tropospheric ozone precursors (e.g., NO_x reductions may not be exchanged for VOC increases, or vice-versa);

(7) To meet requirements during an ozone season unless the DER was generated during an ozone season; or

(8) To meet requirements contained in Title IV of the Act.

VI. Geographic Scope of Trading

(A) *General Rule.* (1) In using DER's, user sources must comply with the requirements of this subsection (A) and the geographic limitations described in subsection (B).

(2) DER use must be consistent with modeling analyses contained in an approved SIP; however, each DER use is not required to be supported by a modeling analysis specific to such use.

(3) No provision of this section shall be construed to authorize use of DER's in a manner that interferes with any applicable requirement of the Act.

(B) *Geographic Scope.* (1) *NO_x DER's.* (a) NO_x DER's may be used in the same SIP modeling domain in which they were generated.

(b) NO_x DER's generated inside a nonattainment or maintenance area may be used outside a nonattainment area, maintenance area, or modeling domain.

(2) *VOC DER's.*

(a) VOC DER's may be used in a nonattainment or maintenance area only if they were generated in the same nonattainment or maintenance area.

(b) VOC DER's may be used in an attainment area that is not a maintenance area.

(c) VOC DER's generated inside a nonattainment or maintenance area may be used outside a nonattainment area, maintenance area, or modeling domain.

(C) *Interstate Trading.* DER's may be used in a State other than the State in which they were generated if authorized representatives of the two States approve a binding interstate agreement that is approved by USEPA as a SIP revision for each State, and that contains at least the following provisions that apply to each DER use:

(1) The authority of the State where the generator source is located agrees to provide the authority of the State where the user source is located with all relevant information concerning the generator source and the DER generation including, but not limited to, emission limitations and permits issued to the generator source, if any, as well as the Notice and Certification of Generation and supporting documentation, in a timely manner;

(2) The authority of the State where the user source is located agrees to provide the state where the generator source is located with all relevant information, including the Notice of Intent to Use DER's and the Notice and Certification of Use and supporting documentation, in a timely manner;

(3) The authority of the State where the generator source is located agrees to notify the authority of the State where the user source is located as to whether the DER has been used previously; and

(4) The authorities of the States where the user and generator sources are located agree to enforce their individual State emission requirements as modified by any valid emissions trades.

VII. Recordkeeping and Public Availability

(A) *Recordkeeping.* The generator source shall adequately document the protocol and specific data by which a DER is quantified. Generator sources shall transfer all such documentation to any transferee at the time that ownership of a DER is transferred. The user source shall document the protocol and specific data by which the amount of DER's needed for compliance was determined. The user source shall maintain all relevant documentation for a minimum of five years after a DER is used for compliance. Records shall be kept with at least the same frequency as required for the underlying requirement.

(B) *Public Availability.* All information submitted to the State for compliance with this rule shall be available to the public under [insert relevant State law pertaining to public availability of data]. This information shall not be considered confidential business information.

(1) The [State official] will make all notices submitted by sources pursuant to this rule available for public review. For sources with operating permits, the [State official] will attach copies of these notices to the copy of the operating permit retained in the State offices. For sources that do not have operating permits, the [State official] will make these notices available in a similar manner [Cite of State rule.]

(2) The sources shall make all documentation that supports the notices submitted to the State as part of this rule available to the public ("pursuant to [applicable State regulation", if applicable]).

VIII. Protocol Development and Approval

(A) *General Rule.* To quantify the amount of DER's generated and the amount needed for compliance, sources shall use quantification protocols in accordance with the requirements of this section.

(B) *USEPA-Approved Protocols (Option 1).* [Option 1 or Option 2 will be selected for the final model rule.]

(1) If a USEPA-approved protocol exists for a given application, it may be used.

(2) If a credit generator wishes to deviate to some extent from an approved protocol, or develop a new protocol, the generator must do so in accordance with guidance set forth by USEPA. The USEPA approval need not be obtained in advance, however, USEPA reserves the right to reject the protocol and any resulting credits whether or not the protocol was followed.

(C) *USEPA-Approved Protocols (Option 2).* [Option 1 or Option 2 will be selected for the final model rule.]

(1) If an EPA-approved quantification protocol exists for a given application, it must be used.

(2) If a credit generator wishes to deviate to some extent from an approved protocol, the credit generator must obtain advance approval from USEPA.

(3) If an approved protocol does not exist, a new protocol shall be designed with the participation of affected parties according to a guidance set forth by USEPA. The USEPA approval need not be obtained in advance, however, USEPA reserves the right to reject the

protocol and any resulting credits whether or not the protocol was followed.

(C) *Protocol Elements.* Protocols must contain methods that are credible, workable, enforceable, and replicable and must include each of the following elements:

(1) A description of the calculation methods used for determining the reductions achieved by the emissions controls as implemented;

(2) Estimates of the accuracy of the appropriate USEPA test method, if available, not to exceed some given value;

(3) A description of the recordkeeping program that permits verification of production, materials used, and use of control equipment;

(4) The USEPA test methods where available; and

(5) A requirement for complete, verifiable records on production, materials used and use of control equipment.

(D) *Emission Quantification Methods.* A protocol may contain the following:

(1) Emission quantification methods contained in an applicable Federally approved operating permit; or

(2) Emission quantification methods approved in the applicable SIP.

IX. DER Use for NSR and Conformity Purposes

(A) *General Rule.* All DER's used to meet—

(1) NSR offset requirements shall comply with the requirements of section 173 of the Act and 40 CFR 51.165(a) including the requirements of subsection (B) of this section.

(2) Conformity requirements shall comply with 40 CFR part 51, subparts T and W and part 93 subparts A and B.

(B) *Specific Requirements for NSR.*

(1) The State must approve the use of specific DER's that cover at a minimum 1 year of operation of the new or modified source in the NSR permit.

(2) The NSR permit must contain an enforceable requirement that the source obtain at least one additional year of offsets before continuing operation in each subsequent year.

(3) The NSR permit must contain an enforceable commitment that before receiving any operating permit or permit renewal, the operating permit must contain an enforceable condition that the source must obtain offsets for each subsequent year before continuing to operate in each subsequent year.

X. Program Audits

(A) Beginning no later than [insert the next ROP milestone year or date 3 years after State adoption of this rule] and at

least every 3 years thereafter (coinciding with the periodic inventory submittals required under section 182 of the Act), the [State authority] shall audit this program to evaluate at a minimum, the following program elements:

(1) Amount and timing of emission reductions (e.g., DER's used compared to DER's generated in a given year or ozone season);

(2) Compliance by generators and users;

(3) The effect of the program on temporal and spatial assumptions in the attainment demonstration, and ROP plans;

(4) The effects of remedial measures, if applicable, implemented as a result of previous audit findings.

(5) The effects on toxic emissions from operation of this rule.

(B) As determined by the [State authority], the [State authority] shall institute remedial measures to the extent necessary.

(C) The audit data and results shall be completed, submitted to USEPA, and available for public inspection within one year after the audit begins.

XI. Enforcement

(A) *Compliance Burden.*

(1) The DER user source is responsible for assuring that the generation and use of DER's comply with this rule.

(2) The DER user source (not the enforcing authority) bears the burden of proving that DER's used are valid and sufficient and that the DER use meets all applicable requirements of this rule.

The DER user source is responsible for compliance with its underlying obligations. In the event of enforcement against the user source for non-compliance, it shall not be a defense for the purpose of determining civil liability that the user source relied in good faith upon the generator source's representations.

(B) *Violation Day Definition for User Source Excess Emissions.* Section 113(b) of the Act authorizes a maximum civil penalty of \$25,000 per day for each violation. For purposes of this regulation, the number of days of violation associated with improper DER use or insufficient DER quantity shall be the number of consecutive days with insufficient DER quantity after taking into account DER's used to offset excess emissions (converted to units of mass) on a consecutive day basis. If a user is unable to document actual emissions rate on a daily basis, the number of days of violation shall include every day since the beginning of the use period during which there was insufficient DER's. Failure to keep adequate records

is equivalent to a lack of creditable DER's.

Dated: August 16, 1995.

Mary D. Nichols,

Assistant Administrator for Air and Radiation.

[FR Doc. 95-21168 Filed 8-24-95; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 36 and 69

[CC Docket No. 95-115; FCC 95-281]

Common Carrier Services: Increasing Subscribership and Usage of the Public Switched Network

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: On July 13, 1995, the FCC adopted a Notice of Proposed Rulemaking on increasing telephone subscribership and usage. The FCC is considering proposals to help reconnect subscribers disconnected from the network when they fail to pay interstate long-distance charges, and to help new and existing low-income subscribers to avoid disconnection due to unpaid interstate long-distance charges.

DATES: Comments must be submitted on or before September 27, 1995. Reply comments are due on or before October 27, 1995.

ADDRESSES: Federal Communications Commission, 1919 M St., N.W., Washington, D.C. 20554.

FOR FURTHER INFORMATION CONTACT: Andrew Mulitz, Attorney/Advisor or George Johnson, Attorney/Advisor, Accounting and Audits, Common Carrier Bureau, (202) 418-0850.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rulemaking adopted July 13, 1995, and released July 20, 1995. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M St., N.W., Washington, D.C. The complete text of this decision may also be purchased from the Commission's copy contractor, Downtown Copy Center 1990 M Street, N.W., Suite 640, Washington, D.C. 20036.

The FCC is proposing to require carriers to adjust security deposit requirements to take into account the diminished credit risk when new or reconnected subscribers agree to accept voluntary toll restriction service. The