

EPA APPROVED NONREGULATORY PROVISIONS AND QUASI-REGULATORY MEASURES IN THE OKLAHOMA SIP

Name of SIP provision	Applicable geographic or nonattainment area	State submittal/ effective date	EPA approval date	Comments
* Infrastructure for the 2015 Ozone NAAQS.	* Statewide	* October 25, 2018 ..	* 3/30/2020, [Insert Federal Register citation].	* Does not address 110(a)(2)(D)(i)(I). No action on 110(a)(2)(D) (i)(II) (visibility portion).

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ENVIRONMENTAL PROTECTION AGENCY

48 CFR Parts 1516 and 1552

[EPA-HQ-OARM-2018-0610; FRL-10006-81-OMS]

Environmental Protection Agency Acquisition Regulation (EPAAR); Award Term Incentive

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is issuing a final rule to amend EPA Acquisition Regulation (EPAAR) award term incentive policy, procedures, and clauses to remove ambiguity and provide clarity with respect to what is required for a contractor to successfully earn award terms.

DATES: This final rule is effective on March 30, 2020.

ADDRESSES: The EPA has established a docket for this action under Docket ID No. EPA-HQ-OARM-2018-0610. All documents in the docket are listed on the <http://www.regulations.gov> website. Although listed in the index, some information is not publicly available, e.g., CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the internet and will be publicly available only in hard copy form. Publicly available docket materials are available electronically through <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: Shakethia Allen, Policy, Training, and Oversight Division, Acquisition Policy and Training Branch (3802R), Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460; telephone number: 202-564-5157; email address: allen.shakethia@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Award terms are a form of incentive contract, offering additional periods of performance without a new competition, rather than additional profit or fee as a reward for achieving prescribed performance measures. Award term incentives were developed in 1997 by the Department of the Air Force and are not described in the Federal Acquisition Regulation (FAR). In order to assist EPA contracting officers seeking to use award term incentives, it is necessary to amend the EPAAR to provide clear language of the requirements needed to successfully award and earn award terms.

The proposed rule was published in the **Federal Register** (84 FR 11920) on March 29, 2019, providing for a 60-day comment period. Interested parties were afforded the opportunity to participate in the making of this rule. There was one comment received during the 60-day period, but it is unrelated to the subject procurement.

II. Final Rule

The final rule amends EPAAR Part 1516—*Types of Contracts*, Subpart 1516.4—*Incentive Contracts*, 1516.406 *Contract Clauses*, 1516.401–70 *Award Term Incentives*, and 1516.401–270 *Definition*. The final rule also amends EPAAR Part 1552—*Solicitation Provisions and Contract Clauses*, 1552.216–78 —*Award Term Incentive Plan*.

1. EPAAR 1516.406 establishes the prescription for use of related EPAAR clauses, including 1552.216–77, *Award Term Incentive*, 1552.216–78, *Award Term Incentive Plan*, and 1552.216–79, *Award Term Availability of Funds*, in solicitations and contracts when award term incentives are contemplated.

2. EPAAR 1516.401–270 defines *Acceptable Quality Level* (AQL) as the minimum percent of deliverables which are compliant with a given performance standard that would permit a contractor to become eligible for an award term incentive.

3. EPAAR 1516.401–70 sets forth the overall framework governing award term incentives including the prescribed performance measures; *i.e.*, the acceptable quality levels (AQL) which must be achieved by a contractor to become eligible for an award term.

4. EPAAR 1552.216–78 sets forth the performance criteria and evaluation periods which will serve as the basis for the EPA’s decision on whether the contractor is eligible for an award term incentive.

III. Statutory and Executive Order Reviews

A. Executive Order 12866: Regulatory Planning and Review and Executive Order 13563: Improving Regulation and Regulatory Review

This action is not a “significant regulatory action” under the terms of Executive Order (E.O.) 12866 (58 FR 51735, October 4, 1993) and is therefore not subject to review under the E.O.

B. Paperwork Reduction Act

This action does not impose an information collection burden, as defined at 5 CFR 1320.3(b), under the provisions of the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.*

C. Regulatory Flexibility Act (RFA), as Amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), 5 U.S.C. 601 et. seq.

The Regulatory Flexibility Act generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements under the Administrative Procedure Act or any other statute; unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Small entities include small businesses, small organizations, and small governmental jurisdictions. For purposes of assessing the impact of this final rule on small entities, “small entity” is defined as: (1) A small business that meets the definition of a small business found in the Small Business Act and codified at

13 CFR 121.201; (2) a small governmental jurisdiction that is a government of a city, county, town, school district or special district with a population of less than 50,000; or (3) a small organization that is any not-for-profit enterprise which is independently owned and operated and is not dominant in its field. After considering the economic impacts of this rule on small entities, I certify that this action will not have a significant economic impact on a substantial number of small entities. An agency may certify that a rule will not have a significant economic impact on a substantial number of small entities if the rule relieves regulatory burden, or otherwise has a positive economic effect on all of the small entities subject to the rule. Award term incentives will be available equally to large and small entities, so this rule will not have a significant economic impact on small entities. Also, this rule seeks to only clarify existing regulations. We continue to be interested in the potential impacts of the rule on small entities and welcome comments on issues related to such impacts.

D. Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA, Pub. L. 104–4), establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, Local, and Tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of the Title II of the UMRA) for State, Local, and Tribal governments or the private sector. The rule imposes no enforceable duty on any State, Local or Tribal governments or the private sector. Thus, the rule is not subject to the requirements of sections 202 and 205 of the UMRA.

E. Executive Order 13132: Federalism

Executive Order 13132, entitled “Federalism” (64 FR 43255, August 10, 1999), requires EPA to develop an accountable process to ensure “meaningful and timely input by State and Local officials in the development of regulatory policies that have federalism implications.” “Policies that have federalism implications” is defined in the Executive Order to include regulations that have “substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.” This rule does not have federalism implications. It will not have substantial direct effects on the

States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government as specified in Executive Order 13132.

F. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments

Executive Order 13175, entitled “Consultation and Coordination with Indian Tribal Governments” (65 FR 67249, November 9, 2000), requires EPA to develop an accountable process to ensure “meaningful and timely input by tribal officials in the development of regulatory policies that have tribal implications.” This rule does not have tribal implications as specified in Executive Order 13175.

G. Executive Order 13045: Protection of Children From Environmental Health and Safety Risks

Executive Order 13045, entitled “Protection of Children from Environmental Health and Safety Risks” (62 FR 19885, April 23, 1997), applies to any rule that: (1) Is determined to be economically significant as defined under E.O. 12886, and (2) concerns an environmental health or safety risk that may have a proportionate effect on children. This rule is not subject to E.O. 13045 because it is not an economically significant rule as defined by Executive Order 12866, and because it does not involve decisions on environment health or safety risks.

H. Executive Order 13211: Actions That Significantly Affect Energy Supply, Distribution, or Use

This action is not subject to Executive Order 13211, “Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution or Use” (66 FR 28335 (May 22, 2001), because it is not a significant regulatory action under Executive Order 12866.

I. National Technology Transfer and Advancement Act of 1995 (NTTAA)

Section 12(d) (15 U.S.C. 272 note) of the National Technology Transfer and Advancement Act of 1995 (NTTAA), Public Law 104–113, directs EPA to use voluntary consensus standards in its regulatory activities unless to do so would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (e.g., materials specifications, test methods, sampling procedures and business practices) that are developed or adopted by voluntary consensus standards bodies. The NTTAA directs EPA to provide Congress, through OMB,

explanations when the Agency decides not to use available and applicable voluntary consensus standards. This action does not involve technical standards. Therefore, EPA is not considering the use of any voluntary consensus standards.

J. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations

Executive Order 12898 (59 FR 7629 (February 16, 1994) establishes federal executive policy on environmental justice. Its main provision directs federal agencies, to the greatest extent practicable and permitted by law, to make environmental justice part of their mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of their programs, policies, and activities on minority populations and low-income populations in the United States. EPA has determined that this proposed rule will not have disproportionately high and adverse human health or environmental effects on minority or low-income populations because it does not affect the level of protection provided to human health or the environment in the general public.

K. Congressional Review Act

The Congressional Review Act, 5 U.S.C. 801 *et seq.*, as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a major rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. Section 804(2) defines a “major rule” as any rule that the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget finds has resulted in or is likely to result in (1) an annual effect on the economy of \$100,000,000 or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. EPA is not required to submit a rule report regarding this action under section 801 as this is not a major rule by definition.

List of Subjects in 48 CFR Parts 1516 and 1552

Environmental Protection, Government procurement, Reporting and recordkeeping requirements.

Dated: February 24, 2020.

Kimberly Y. Patrick,

Director, Office of Acquisition Solutions.

Therefore, 48 CFR parts 1516 and 1552 are amended as set forth below:

PART 1516—TYPES OF CONTRACTS

■ 1. The authority citation for part 1516 continues to read as follows:

Authority: The provisions of this regulation are issued under 5 U.S.C. 301; Sec. 205(c), 63 Stat. 390, as amended, 40 U.S.C. 486(c); and 41 U.S.C. 418b.

■ 2. Revise 1516.401–270 to read as follows:

1516.401–270 Definition.

Acceptable quality level (AQL) as used in this subpart means the minimum percent of deliverables which are compliant with a given performance standard that would permit a contractor to become eligible for an award term incentive. The performance necessary for eligibility for the award term incentive must be in excess of that necessary for the Government acceptance of contract deliverables. The AQLs associated with the award term incentive shall exceed the AQLs associated with the acceptance of contract deliverables. For example,

under contract X, acceptable performance is 75 percent of reports submitted to the Government within five days. However, to be eligible for an award term incentive, 85 percent of reports must be submitted to the Government within five days.

■ 3. In 1516.401–70, revise paragraph (b) to read as follows:

1516.401–70 Award term incentive.

* * * * *

(b) Award term incentives are designed to motivate contractors to provide superior performance. Superior performance must be defined in the Award Term Incentive Plan. Accordingly, the prescribed performance measures, *i.e.*, acceptable quality levels (AQL), which must be achieved by a contractor to become eligible for an award term will be in excess of the AQLs necessary for Government acceptance of contract deliverables, unless rationale is documented that such service is beyond the contractor’s capability or control.

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■ 4. In 1516.406, revise paragraphs (c) and (d) to read as follows:

1516.406 Contract clauses.

* * * * *

(c) The Contracting Officer shall insert the clauses at 1552.216–77, Award Term Incentive, 1552.216–78, Award Term Incentive Plan, and 1552.216–79, Award Term Availability of Funds, in solicitations and contracts when award

term incentives are contemplated. The clauses at 1552.216–77 and 1552.216–78 may be used on substantially the same-as basis.

(d) If the Contracting Officer wishes to use the ratings set forth in the Department of Defense Contractor Performance Assessment Reporting System on the contract at hand as the basis for contractor eligibility for an award term incentive, the Contracting Officer shall insert the clause at 1552.216–78.

PART 1552—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

■ 5. The authority citation for part 1552 continues to read as follows:

Authority: 5 U.S.C. 301; Sec. 205(c), 63 Stat. 390, as amended, 40 U.S.C. 486(c); and 41 U.S.C. 418b.

■ 6. In 1552.216–78, revise paragraph (e) to read as follows:

1552.216–78 Award term incentive plan.

* * * * *

(e) [If the contract will contain a quality assurance surveillance plan (QASP), reference the QASP, *e.g.*, attachment 2. Typically, the performance standards and AQLs will be defined in the QASP]

(End of clause)

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