

control measures and projected reductions and finds them approvable. Therefore, EPA is proposing to approve 310 CMR 7.28 and MA's NO_x SIP Call narrative into the MA SIP at this time.

MA's November 19, 1999, submittal also contained amendments to 310 CMR 7.19 and 310 CMR 7.27. These amendments consisted of minor changes to the regulations to ensure consistent requirements and a smooth transition to the program under 310 CMR 7.28 in 2003. EPA has reviewed the amendments and is proposing to approve them into the MA SIP at this time.

EPA is soliciting public comments on the issues discussed in this proposal or on other relevant matters. These comments will be considered before EPA takes final action. Interested parties may participate in the Federal rulemaking procedure by submitting written comments to the EPA Regional office listed in the **ADDRESSES** section of this action.

Nothing in this action should be construed as permitting or allowing or establishing a precedent for any future request for revision to any State implementation plan. Each request for revision to the State implementation plan shall be considered separately in light of specific technical, economic, and environmental factors and in relation to relevant statutory and regulatory requirements.

IV. Administrative Requirements

Under Executive Order 12866 (58 FR 51735, October 4, 1993), this action is not a "significant regulatory action" and therefore is not subject to review by the Office of Management and Budget. This action merely approves state law as meeting federal requirements and imposes no additional requirements beyond those imposed by state law. Accordingly, the Regional Administrator certifies that this rule will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). Because this rule approves pre-existing requirements under state law and does not impose any additional enforceable duty beyond that required by state law, it does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4). For the same reason, this rule also does not significantly or uniquely affect the communities of tribal governments, as specified by Executive Order 13084 (63 FR 27655, May 10, 1998). This rule 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 (64 FR 43255, August 10, 1999), because it merely approves a state rule implementing a federal standard, and does not alter the relationship or the distribution of power and responsibilities established in the Clean Air Act. This rule also is not subject to Executive Order 13045 (62 FR 19885, April 23, 1997), because it is not economically significant.

In reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the Clean Air Act. In this context, in the absence of a prior existing requirement for the State to use voluntary consensus standards (VCS), EPA has no authority to disapprove a SIP submission for failure to use VCS. It would thus be inconsistent with applicable law for EPA, when it reviews a SIP submission, to use VCS in place of a SIP submission that otherwise satisfies the provisions of the Clean Air Act. Thus, the requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) do not apply. As required by section 3 of Executive Order 12988 (61 FR 4729, February 7, 1996), in issuing this rule, EPA has taken the necessary steps to eliminate drafting errors and ambiguity, minimize potential litigation, and provide a clear legal standard for affected conduct. EPA has complied with Executive Order 12630 (53 FR 8859, March 15, 1988) by examining the takings implications of the rule in accordance with the "Attorney General's Supplemental Guidelines for the Evaluation of Risk and Avoidance of Unanticipated Takings" issued under the executive order. This rule does not impose an information collection burden under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements.

Authority: 42 U.S.C. 7401 *et seq.*

Dated: June 21, 2000.

Mindy S. Lubber,

Regional Administrator, EPA—New England.
[FR Doc. 00-17187 Filed 7-11-00; 8:45 am]

BILLING CODE 6560-50-U

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[R1041-6989b, FRL-6731-6]

Approval and Promulgation of Implementation Plans; Rhode Island; Nitrogen Oxides Budget and Allowance Trading Program

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: In October 1999, the State of Rhode Island (RI) submitted a State Implementation Plan (SIP) to reduce air emissions of nitrogen oxides (NO_x). The submittal responds to the EPA's regulation entitled, "Finding of Significant Contribution and Rulemaking for Certain States in the Ozone Transport Assessment Group Region for Purposes of Reducing Regional Transport of Ozone," otherwise known as the "NO_x SIP Call." The submittal includes a narrative and a regulation that establish a statewide NO_x budget and a NO_x allowance trading program for large electricity generating and industrial sources beginning in 2003.

The Environmental Protection Agency (EPA) is proposing approval of the RI's October 1999 SIP submittal including, RI's NO_x control regulation, Regulation No. 41, "Nitrogen Oxides Allowance Program," and the SIP narrative materials, "NO_x State Implementation Plan (SIP) Call Narrative," that includes a statewide emissions budget for the ozone season, i.e., May 1 to October 1, of 2007 and each year after. EPA is proposing to approve Rhode Island's submittal for its strengthening effect pursuant to section 110 of the Clean Air Act (CAA).

DATES: EPA must receive written comments on or before August 11, 2000.

ADDRESSES: Comments may be mailed to David Conroy, Unit Manager, Air Quality Planning, Office of Ecosystem Protection (mail code CAQ), U.S. Environmental Protection Agency, Region I, One Congress Street, Suite 1100, Boston, MA 02114-2023. Copies of the documents relevant to this action are available for public inspection during normal business hours, by appointment at the Office Ecosystem Protection, U.S. Environmental Protection Agency, Region I, One Congress Street, 11th floor, Boston, MA, 02114, and at the Division of Air and Hazardous Materials, Rhode Island Department of Environmental Management, 291 Promenade Street, Providence, RI 02908-5767.

FOR FURTHER INFORMATION CONTACT:
Steven A. Rapp, (617) 918-1048 or at
Rapp.Steve@EPA.GOV.

SUPPLEMENTARY INFORMATION:

Overview

On October 1, 1999, RI submitted a package of regulatory and narrative materials in order to comply with the NO_x SIP Call and strengthen its ozone SIP. EPA proposes full approval of RI's submittal.

The following table of contents describes the format for this

SUPPLEMENTARY INFORMATION:

I. EPA's Action

- A. What action is EPA proposing today?
 - B. Why is EPA proposing this action?
 - C. What are the general NO_x SIP Call requirements?
 - D. What is EPA's NO_x budget and allowance trading program?
 - E. What is the Compliance Supplement Pool?
 - F. What guidance did EPA use to evaluate Rhode Island's submittal?
- II. Rhode Island's NO_x Budget Program**
- A. What is Rhode Island's NO_x SIP Call submittal?
 - B. When did Rhode Island propose and adopt the program?
 - C. When did Rhode Island submit the SIP revision to EPA and when did EPA find it technically and administratively complete?
 - D. What is Rhode Island's NO_x Budget Trading Program?
 - E. How will Rhode Island and EPA enforce the program?
 - F. How does Rhode Island's program protect the environment?
 - G. What is the result of EPA's evaluation of Rhode Island's program?
 - H. Why is EPA considering the NO_x SIP Call submittals from CT, MA, and RI at the same time?
 - I. What other significant items relate to Rhode Island's program?
 - J. What issues are associated with the Rhode Island NO_x SIP Call submittal?

III. Proposed Action

IV. Administrative Requirements

In the following questions and answers, the term "you" refers to the reader of the notice and "we" refers to the EPA.

I. EPA's Action

A. What Action is EPA Proposing Today?

EPA is proposing approval of RI's SIP submittal, including RI's NO_x control regulation, Regulation No. 41, "Nitrogen Oxides Allowance Trading Program," and the SIP narrative entitled, "NO_x State Implementation Plan (SIP) Call Narrative."

RI submitted the adopted Regulation No. 41 and the SIP narrative with a request to revise the SIP on October 1, 1999. RI submitted the regulation and

narrative in order to strengthen its one-hour ozone SIP and to comply with the NO_x SIP Call in each ozone season, i.e., May 1 to October 1, beginning in 2003. EPA finds that RI's submittal is fully approvable as a SIP strengthening measure for Rhode Island's one-hour ground level ozone SIP and it meets the air quality objective of the NO_x SIP Call requirements that EPA has published to date. EPA will take action in a separate future rulemaking on whether Rhode Island's submittal meets the applicable NO_x SIP Call requirements themselves.

B. Why is EPA Proposing this Action?

EPA is proposing this action in order to:

- Fulfill RI's and EPA's requirements under the Clean Air Act (the Act);
- Make RI's control regulation federally-enforceable and available for credit in the SIP;
- Make RI's SIP narrative, including the ozone season NO_x budget, federally enforceable as part of the RI SIP; and
- Give you the opportunity to submit written comments on EPA's proposed actions, as discussed in the **DATES** and **ADDRESSES** sections.

C. What Are the General NO_x SIP Call Requirements?

On October 27, 1998, EPA published a final rule entitled, "Finding of Significant Contribution and Rulemaking for Certain States in the Ozone Transport Assessment Group Region for Purposes of Reducing Regional Transport of Ozone," otherwise known as the "NO_x SIP Call." See 63 FR 57356. The NO_x SIP Call requires 22 States and the District of Columbia¹ to meet statewide NO_x emission budgets during the five month period between May 1 and October 1 in order to reduce the amount of ground level ozone that is transported across the eastern United States. The NO_x SIP Call set out a schedule that required the affected states to adopt regulations by September 30, 1999², and implement control strategies by May 1, 2003.

¹ Alabama, Connecticut, District of Columbia, Delaware, Georgia, Illinois, Indiana, Kentucky, Massachusetts, Maryland, Michigan, Missouri, North Carolina, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Wisconsin, and West Virginia.

² On May 25, 1999, the D.C. Circuit issued a partial stay of the submission of the SIP revisions required under the NO_x SIP Call. The NO_x SIP Call had required submission of the SIP revisions by September 30, 1999. State Petitioners challenging the NO_x SIP Call moved to stay the submission schedule until April 27, 2000. The D.C. Circuit issued a stay of the SIP submission deadline pending further order of the court. *Michigan v. EPA*, No. 98-1497 (D.C. Cir. May 25, 1999) (order granting stay in part).

On October 1, 1999, Rhode Island voluntarily submitted this revision to EPA for approval

The NO_x SIP Call allowed states the flexibility to decide which source categories to regulate in order to meet the statewide budgets. But, the SIP Call notice suggested that imposing statewide NO_x emissions caps on large fossil-fuel fired industrial boilers and electricity generating units would provide a highly cost effective means for States to meet their NO_x budgets. In fact, the state-specific budgets were set assuming an emission rate of 0.15 pounds NO_x per million British thermal units (lb. NO_x/mmBtu) at EGUs, multiplied by the projected heat input (mmBtu) from burning the quantity of fuel needed to meet the 2007 forecast for electricity demand. See 63 FR 57407. The calculation of the 2007 EGU emissions assumed that an emissions trading program would be part of an EGU control program. The NO_x SIP Call state budgets also assumed on average a 30% NO_x reduction from cement kilns, a 60% reduction from industrial boilers and combustion turbines, and a 90% reduction from internal combustion engines. The non-EGU control assumptions were applied at units where the heat input capacities were greater than 250 mmBtu per hour, or in cases where heat input data were not available or appropriate, at units with actual emissions greater than one ton per day.

To assist the states in their efforts to meet the SIP Call, the NO_x SIP Call final rulemaking notice included a model NO_x allowance trading regulation, called "NO_x Budget Trading Program for State Implementation Plans," (40 CFR Part 96), that could be used by states to develop their regulations. The NO_x SIP Call notice explained that if states developed an allowance trading regulation consistent with the EPA model rule, they could participate in a regional allowance trading program that would be administered by the EPA. See 63 FR 57458-57459.

D. What is EPA's NO_x Budget and Allowance Trading Program?

EPA's model NO_x budget and allowance trading rule for SIPs, 40 CFR Part 96, sets forth a NO_x emissions trading program for large electric generating units (EGUs) and non-electric generating units (non-EGUs). A state can voluntarily choose to adopt EPA's model rule in order to allow sources

notwithstanding the court's stay of the SIP submission deadline. On March 3, 2000, the D.C. Circuit ruled on *Michigan v. EPA*, affirming many aspects of the SIP call and remanding certain other portions to the Agency. The court's ruling does not affect this action because it is being proposed as a SIP-strengthening measure regardless of the status of the case.

within its borders to participate in regional allowance trading. The October 27, 1998 **Federal Register** notice contains a full description of the EPA's model NO_x budget trading program. See 63 FR 57514–57538 and 40 CFR Part 96.

In general, air emissions trading uses market forces to reduce the overall cost of compliance for pollution sources, such as power plants, while maintaining emission reductions and environmental benefits. One type of market-based program is an emissions budget and allowance trading program, commonly referred to as a “cap and trade” program.

In an emissions budget and allowance trading program, the state or EPA sets a regulatory limit, or emissions budget, in mass emissions from a specific group of sources. The budget limits the total number of allocated allowances during a particular control period. When the budget is set at a level lower than the current emissions, the effect is to reduce the total amount of emissions during the control period. After setting the budget, the state or EPA then assigns, or allocates, allowances to the participating entities up to the level of the budget. Each allowance authorizes the emission of a quantity of pollutant, e.g., one ton of airborne NO_x.

At the end of the control period, each source must demonstrate that its actual emissions during the control period were less than or equal to the number of available allowances it holds. Sources that reduce their emissions below their allocated allowance level may sell their extra allowances. Sources that emit more than the amount of their allocated allowance level may buy allowances from the sources with extra reductions. In this way, the budget is met in the most cost-effective manner. An example of a budget and allowance trading program is EPA's Acid Rain Program for reducing sulfur dioxide emissions.

E. What is the Compliance Supplement Pool?

To provide additional flexibility for complying with emission control requirements associated with the NO_x SIP Call, the final NO_x SIP Call provided each affected state with a “compliance supplement pool.” The compliance supplement pool is a quantity of NO_x allowances that may be used to cover excess emissions from sources that are unable to meet control requirements during the 2003 and 2004 ozone seasons. Allowances from the compliance supplement pool will not be

valid for compliance past the 2004 ozone season. Despite disagreeing with commenters' concerns, EPA included these voluntary provisions in the NO_x SIP Call to address commenters' concerns about the possible adverse effect that the control requirements might have on the reliability of the electricity supply or on other industries required to install controls as the result of a state's response to the SIP Call.

A state may issue some or all of the compliance supplement pool via two mechanisms. First, a state may issue some or all of the pool to sources with credits from implementing NO_x reductions beyond all applicable requirements after September 30, 1999 but before May 1, 2003 (*i.e.*, early reductions). In this way, sources that cannot install controls prior to May 1, 2003, can purchase other sources' early reduction credits in order to comply. Second, a state may issue some or all of the pool to sources that demonstrate a need for an extension of the May 1, 2003 compliance deadline due to undue risk to the electricity or other industrial sectors and where early reductions are not available. See 40 CFR 51.121(e)(3).

F. What Guidance Did EPA Use to Evaluate Rhode Island's Submittal?

EPA evaluated RI's NO_x SIP Call submittal using EPA's “NO_x SIP Call Checklist,” (the checklist), issued on April 9, 1999. The checklist reflects and follows the requirements of the NO_x SIP Call set forth in 40 CFR 51.121 and 51.122. The checklist outlines the criteria that the EPA Regional Office used to determine the completeness and approvability of RI's submittal.

As noted in the checklist, the key elements of an approvable submittal under the NO_x SIP Call are: a budget demonstration; enforceable measures for control; legal authority to implement and enforce the control measures; compliance dates and schedules; monitoring, recordkeeping, and emissions reporting; as well as elements that apply to states that choose to adopt an emissions trading rule in response to the NO_x SIP Call. The checklist is available to the public on EPA's website at: <http://www.epa.gov/ttn/otag/sip/related.html>.

As described above, the final NO_x SIP Call rule included a model NO_x budget trading program regulation. See 40 CFR Part 96. EPA used the model rule to evaluate Regulation No. 41. Additionally, EPA used the October 1998 final NO_x SIP Call rulemaking

notice, as well as the subsequent technical amendments to the NO_x SIP Call, published in May 1999 (64 FR 26298) and March 2000 (65 FR 11222), to evaluate the approvability of RI's submittal. EPA also used § 110 of the CAA, Implementation Plans, to evaluate the approvability of RI's submittal as a revision to the SIP.

II. Rhode Island's NO_x Budget Program

A. What is Rhode Island's NO_x SIP Call Submittal?

Rhode Island's October 1, 1999, SIP submittal included the following:

- Adopted control regulations which require emission reductions beginning in 2003, *i.e.*, Regulation No. 41;
- A description of how the state intends to use the compliance supplement pool, *i.e.*, as part of the control regulation;
- A baseline inventory of NO_x mass emissions from EGUs, non-EGUs, area, highway and non-road mobile sources in the year 2007 as published in the May 14, 1999, technical amendments to the NO_x SIP Call, *i.e.*, as part of the SIP narrative;
- A 2007 projected inventory (budget) reflecting NO_x reductions achieved by the state control measures contained in the submittal, *i.e.*, as part of the SIP narrative; and
- A commitment to meet the annual, triennial, and 2007 reporting requirements, *i.e.*, as part of the SIP narrative.

As described above, in order to reduce NO_x emissions statewide from 2003 and beyond, RI adopted Regulation No. 41. The regulation applies to all EGUs with nameplate electricity generating capacities greater than 15 megawatts that sell any amount of electricity as well as any non-EGU units that have a heat input capacity equal to or greater than 250 mmBtu per hour. Regarding other non-EGUs, RI has no cement kilns or internal combustion (IC) engines with emissions large enough to exceed the applicability threshold for assumed control requirements, *i.e.*, one ton per day. So, RI's SIP submittal does not assume any additional reductions from those sources. Furthermore, you should note that RI is not relying on any reductions beyond anticipated federal measures in the mobile and area sectors.

Below is a table of the 2007 baseline and budget emission levels that Rhode Island has submitted with as part of its SIP narrative.

Source category	2007 baseline NO _x emissions (tons/season)	2007 NO _x budget emissions (tons/season)	Projected deductions (tons/season)
EGUs	1,082	985	97
Non-EGU Point	2,031	2,031	0
Area Sources	448	448	0
Non-Road Mobile	2,455	2,455	0
Highway Mobile	3,879	3,879	0
RI Total	9,895	9,798	97

B. When Did Rhode Island Propose and Adopt the Program?

On July 19, 1999, Rhode Island proposed a draft of Regulation No. 41 and the SIP narrative. The release of the proposal began a 30 day public comment period. On August 17, 1998, EPA provided written comments to the public record. On August 20, 1999, a public hearing was held on Regulation No. 41 and the SIP narrative. On October 1, 1999, the final Regulation No. 41 was filed with the Secretary of State. The regulation became effective on that date.

C. When Did Rhode Island Submit the SIPr Revision to EPA and When did EPA Find the Submittal Technically and Administratively Complete?

On October 1, 1999, RI DEM submitted Regulation No. 41 and the SIP narrative to EPA with a request to revise the RI SIP. On October 26, 1999, EPA sent a letter to RI deeming the SIP submittal technically and administratively complete.

D. What Is Rhode Island's NO_x Budget Trading Program?

In response to the NO_x SIP Call, RI adopted Regulation No. 41, "Nitrogen Oxides Allowance Program." With Regulation No. 41, RI is establishing a NO_x cap and allowance trading program for the ozone seasons of 2003 and beyond. RI developed the regulation in order to reduce NO_x emissions and allow its sources to participate in the interstate NO_x allowance trading program described in § 51.121(b)(2).

Under Regulation No. 41, RI allocates NO_x allowances to its EGUs. Each NO_x allowance permits a source to emit one ton of NO_x during the seasonal control period. NO_x allowances may be bought or sold. Unused NO_x allowances may also be banked for future use, with certain limitations. For each ton of NO_x emitted in a control period, EPA will remove one allowance from the source's NO_x Allowance Tracking System (NATS) account. Once the allowance has been retired in this way, no one can use the allowance again.

Source owners will monitor their NO_x emissions by using systems that meet the requirements of 40 CFR Part 75, subpart H, and report resulting data to EPA electronically. Each budget source complies with the program by demonstrating at the end of each control period that actual emissions do not exceed the amount of allowances held for that period. However, regardless of the number of allowances a source holds, it cannot emit at levels that would violate other federal or state limits, for example, reasonably available control technology (RACT), new source performance standards, or Title IV (the federal Acid Rain program).

Generally, Regulation No. 41 differs from EPA's model NO_x budget trading rule in three ways. First, Regulation No. 41 is applicable to smaller electric generating sources than the model rule. Second, Regulation No. 41 does not allow early reduction credits and does not allocate any allowances from the compliance supplement pool. Finally, Regulation No. 41 describes a different methodology for allocating allowances from that set forth in the model rule but still ensures that the total allowance allocation does not exceed the state program budget. These differences make the regulation more stringent than 40 CFR Part 96 would be and are allowed under § 51.121(p). Therefore, Regulation No. 41 can be considered substantively identical to 40 CFR Part 96.

The NO_x SIP Call allotted RI with a compliance supplement pool. However, Regulation No. 41 does not provide for the distribution of early reductions. All of the sources affected are well controlled, gas-fired EGUs, with emission rates below the assumed 0.15 lb. NO_x/mmBtu assumed in the development of the state budgets. This means that no EGU sources in RI will have to reduce their emissions from current permitted levels in order to comply with the projected 2007 budget. Therefore, RI decided not to include provisions for distributing allowances from the compliance supplement pool.

For additional information regarding RI's NO_x SIP Call submittal, the reader should refer to the document entitled,

"Technical Support Document for Rhode Island's NO_x SIP Call Submittal," dated May 5, 2000. Copies of the technical support document (TSD) can be obtained at either of the addresses listed in the **ADDRESSES** section of this notice.

E. How Will Rhode Island and EPA Enforce the Program?

Once approved into RI's SIP, both RI and EPA will be able to enforce the requirements of the NO_x budget and allowance trading program in Regulation No. 41. All of the sources subject to the NO_x allowance trading program will have federally-enforceable operating permits that contain source specific requirements, such as emissions monitoring or pollution control equipment requirements. RI and EPA will be able to enforce the source specific requirements of those permits, as well as the requirements of Regulation No. 41.

Additionally, in order to determine compliance with the emission requirements of the program, at the end of each ozone season, RI and EPA will compare sources' allowance and emission accounts in the NO_x Allowance Tracking System (NATS). To be in compliance, sources must hold a number of available allowances that meets or exceeds the number of tons of NO_x emitted by that source and recorded in the Emissions Tracking System (ETS) for a particular ozone season. For sources with excess emissions, penalties include EPA deducting three times the unit's excess emissions from the unit's allocation for the next control period.

F. How Does Rhode Island's Program Protect the Environment?

Based on air quality modeling assessments performed for the NO_x SIP Call, EPA believes that the NO_x reductions in RI and other states subject to the SIP Call will reduce the transport of ozone starting in 2003.

Decreases of NO_x emissions will also help improve the environment in several important ways. Decreases in NO_x emissions will decrease acid deposition, nitrates in drinking water,

excessive nitrogen loadings to aquatic and terrestrial ecosystems, and ambient concentrations of nitrogen dioxide, particulate matter and toxics. On a global scale, decreases in NO_x emissions reduce greenhouse gases and stratospheric ozone depletion.

G. What is the Result of EPA's Evaluation of Rhode Island's SIP Submittal?

EPA has evaluated RI's October 1, 1999, SIP submittal and finds it fully approvable. The submittal will strengthen RI's SIP for reducing ground level ozone by providing NO_x reductions beginning in 2003. EPA also finds that the submittal meets the air quality objectives of the NO_x SIP Call. EPA finds the NO_x control measures, Regulation No. 41, the SIP narrative that includes RI's 2007 NO_x baseline and controlled budgets fully approvable. EPA finds that the submittal contained the information necessary to demonstrate that RI has the legal authority to implement and enforce the control measures, as well as a description of how the state intends to use the compliance supplement pool. Furthermore, EPA finds that the submittal demonstrates that the compliance dates and schedules, and the monitoring, record keeping and emission reporting requirements will be met.

EPA finds that RI's control regulation and SIP narrative materials are consistent with EPA's guidance and meet the air quality objectives of the NO_x SIP Call, including, 40 CFR Part 51, § 51.121 and § 51.122 as well as the general SIP submittal requirements of the Act, § 110, 42 U.S.C. 7401 *et seq.* Regulation No. 41 does contain differences from the model rule but such differences are allowed under § 51.121(p). Therefore, EPA considers Regulation No. 41 to be substantively identical to 40 CFR Part 96.

Regarding RI's SIP narrative, EPA finds that the submittal contains the required elements, including: the baseline inventory of NO_x mass emissions from EGUs, non-EGUs, area, highway and non-road mobile sources in the year 2007; the 2007 projected inventory reflecting NO_x reductions achieved by the state control measures contained in the submittal; and the commitment to meet the annual, triennial, and 2007 state reporting requirements. EPA further finds that RI's 2007 projected inventory, reflecting the control strategies, is approvable, reflecting the air quality objectives of the NO_x SIP Call.

In order to approve RI's 2007 projected inventory as meeting the air quality objectives of the NO_x SIP Call, however, it is necessary to consider the adopted 2007 emission budgets and adopted NO_x reducing measures in Connecticut (CT) and Massachusetts (MA) as well. Comparing the most recent technical amendments to the NO_x SIP Call budgets to the adopted and submitted NO_x SIP Call related measures from the three states, you can see that the adopted measures in CT, MA, and RI will reduce more NO_x from the EGU and non-EGU sectors than the NO_x SIP Call notices have required.

H. Why is EPA Considering the NO_x SIP Call Submittals from CT, MA, and RI at the Same Time?

In February 1999, CT, MA, RI, and EPA signed a memorandum of understanding (*i.e.*, "the Three State MOU") agreeing to redistribute the EGU portions of the three states' budgets, as well as the compliance supplement pool allocations, amongst themselves. Under the Three State MOU, the combined 2007 controlled emission level and compliance supplement pool did not change for the three states, only the individual state EGU allocations and

supplement pools were redistributed to provide CT with additional flexibility.

On September 15, 1999, EPA published a Notice of Proposed Rulemaking (NPR) to approve the redistribution of the three states' allocations as described in the MOU and modified by the EPA's May 1999 NO_x SIP Call technical corrections.³ See 64 FR 50036. As described in the NPR, the sum of the 2007 budgets and supplement pool allocations for the three states after redistribution is identical to the sum of the three budgets and supplement pool allocations for the states as published in the May 1999 technical corrections **Federal Register** notice. In other words, the total NO_x reduction expected from the three states due to the SIP Call would be the same before and after the redistribution of budgets under the Three State MOU. In fact, both the May 1999 technical amendments and the September 1999 NPR required a NO_x reduction of 5,491 tons by the three states each ozone season from 2007 onward and provided a combined allocation of 961 tons from the compliance supplement pool.

On March 2, 2000, EPA published additional technical amendments to the NO_x SIP Call in the **Federal Register** (65 FR 11222). As can be seen in the tables below, the March 2, 2000 technical corrections primarily changed the highway mobile and non-EGU 2007 baselines and budgets for CT, MA, and RI. However, these changes largely cancel each other out, *e.g.*, the 2007 highway sub-inventory baselines and budgets increased by the same amounts. The March 2000 technical corrections, however, did not effect the amount of reduction expected from the EGU sector. The tables below compare the 2007 baselines and budgets for each sub-inventory sector for CT, MA, and RI as published in the May 1999 and March 2000 technical amendment **Federal Register** notices.

CT	5/99 baseline	3/00 baseline	Change in baseline	5/99 budget	3/00 budget	Change in budget
EGU	5,636	5,636	0	2,652	2,652	0
Non-EGU	5,124	5,397	273	4,970	5,216	246
Area	4,821	4,821	0	4,821	4,821	0
Nonroad	10,736	10,736	0	10,736	10,736	0
Highway	19,902	19,424	-478	19,902	19,424	-478
Total	46,220	46,015	-205	43,081	42,849	-232

MA	5/99 baseline	3/00 baseline	Change in baseline	5/99 budget	3/00 budget	Change in budget
EGU	16,479	16,479	0	15,145	15,146	1

³ You should note that EPA took comments on the Three State MOU NPR and intends to address those

comments in a future rulemaking. Therefore, we are

not seeking comments on the specifics of the Three State MOU NPR at this time.

MA	5/99 baseline	3/00 baseline	Change in baseline	5/99 budget	3/00 budget	Change in budget
Non-EGU	11,229	11,210	- 19	10,296	10,298	2
Area	12,048	11,048	0	11,048	11,048	0
Nonroad	20,166	20,166	0	20,166	20,166	0
Highway	28,641	28,190	- 451	28,641	28,190	- 451
Total	87,563	87,092	- 471	85,296	84,848	- 448

RI	5/99 baseline	3/00 baseline	Change in baseline	5/99 budget	3/00 budget	Change in budget
EGU	1,082	1,082	0	997	997	0
Non-EGU	2,031	1,635	- 396	2,031	1,635	- 396
Area	448	448	0	448	448	0
Nonroad	2,455	2,455	0	2,455	2,455	0
Highway	3,879	3,843	- 36	3,879	3,843	- 36
Total	9,895	9,463	- 432	9,810	9,378	- 432

The March 2000 **Federal Register** listed 2007 ozone season baseline emissions from CT, MA, and RI as 46,015 tons, 87,092 tons, and 9,463 tons, respectively. The March 2000 **Federal Register** listed the 2007 ozone season budgets for CT, MA, and RI as 42,849 tons, 84,848 tons, and 9,378 tons, and provided the three states with compliance supplement pools of 569 tons, 404 tons, and 15 tons, respectively, or a total of 988 tons. In total, the March 2000 notice required the three states to reduce their NO_x emissions by 5,495 tons per ozone season beginning in 2007.

In the Fall of 1999, CT, MA, and RI all adopted and submitted SIP packages in response to the NO_x SIP Call. All three states adopted and submitted NO_x control regulations that rely on reductions from the EGU and large non-EGU units to achieve their emission budgets. The 2007 baseline ozone season emissions adopted by the states were 46,219 tons, 87,563 tons, and 9,895

tons, respectively, or a three state total of 143,677 tons per ozone season. The SIP packages adopted and submitted by CT, MA, and RI, included 2007 projected NO_x inventories of 44,993 tons, 83,345 tons, and 9,798 tons, respectively, or a three state total of 138,136 tons per ozone season. Therefore, the total NO_x reduction expected from the adopted and submitted SIP packages from CT, MA, and RI is 5,541 tons per ozone season.

As discussed above, EPA signed the Three State MOU between CT, MA, and RI. We endorse the concept that states can voluntarily join together and redistribute their NO_x SIP Call budgets and compliance supplement pool allocations, provided that the total after the redistribution is less than or equal to before redistribution, and provided that the states have formalized such an agreement in an MOU or similar device to which EPA also agrees. EPA supports this concept because such a redistribution is no different than the

effects of trading. For a detailed discussion of why EPA supports the concept that states can collectively redistribute their NO_x SIP Call budgets, see the proposed Three State MOU notice, 64 FR 49989, September 15, 1999. Given the fact that together the three states' regulations achieve at least the same NO_x reduction and allocate fewer than required compliance supplement pool allocations, EPA finds that the NO_x SIP Call SIP submittals from the three states collectively meet the air quality objectives of the NO_x SIP Call as published to date. In separate **Federal Register** notices today, EPA is also proposing approval of CT's and MA's NO_x SIP Call submittals.

You can find the NO_x SIP Call 2007 baselines, budgets, and compliance supplement pool allocations from the March 2000 technical amendments and the state adopted SIPs summarized in the table below.

State	SIP call 2007 base- line (tons NO _x per ozone season) as of 03/00	State adopt- ed 2007 baseline (tons NO _x per ozone season)	SIP call 2007 budget as of 03/00 (tons NO _x per ozone season)	State adopt- ed 2007 budget (tons NO _x per ozone season)	SIP call pro- jected re- duction (tons NO _x per ozone season) as of 03/00	State pro- jected re- duction (tons NO _x per ozone season)	Compliance supplement pool state allocations as of 03/00	State adopt- ed compli- ance sup- plement pool
CT	46,015	46,219	42,849	44,993	3,166	1,226	569	473
MA	87,092	87,563	84,848	83,345	2,244	4,218	404	473
RI	9,463	9,895	9,378	9,798	85	97	15	15
Total	142,570	143,677	137,075	138,136	5,495	5,541	988	961

For additional information regarding EPA's evaluation of RI's NO_x SIP Call submittal, the reader should refer to the TSD available at either of the addresses listed in the **ADDRESSES** section of this notice.

I. What Other Significant Items Relate to Rhode Island's Program?

Regulation No. 41 is also related to the Ozone Transport Commission's (OTC's) ozone season NO_x budget program. On September 27, 1994, OTC adopted a Memorandum of

Understanding (MOU) that committed the signatory states, including RI, to the development and proposal of a region-wide reduction in NO_x emissions. The OTC agreement committed the states to one phase of NO_x reductions by 1999

and another phase of reductions by 2003.

As a signatory state of the MOU, RI adopted its NO_x budget and allowance trading regulation, Regulation No. 38, on June 10, 1997. Regulation No. 38 contained a NO_x emissions budget and allowance trading system for the ozone seasons of 1999 through 2002, the period known as "OTC Phase II." RI's phase II budget is 626 tons per ozone season. EPA approved RI's phase II OTC NO_x budget regulation on June 2, 1999. See 64 FR 29567. Regulation No. 41 contains a new NO_x emissions budget and allowance trading program for the ozone seasons of 2003 and thereafter, in order to control NO_x emissions during the period described in the OTC program as "OTC phase III."

J. What Issues Are Associated With Rhode Island's NO_x SIP Call Submittal?

On March 3, 2000, the D.C. Circuit ruled on *Michigan v. EPA*, affirming many aspects of the NO_x SIP Call and remanding certain other portions to the Agency (e.g., the definition of an EGU and the control assumptions for internal combustion engines). Due to the Court's remanding of the EGU definition and IC engine control assumptions, EPA must now recalculate the final 2007 baseline, 2007 budget, and compliance supplement allocation for each state subject to the NO_x SIP Call, including RI. Those recalculated budgets are expected to be published in the next few months. However, this means that RI may be required to revisit its NO_x SIP Call program due to potential forthcoming changes to the NO_x SIP Call requirements. At such time as EPA publishes new emission budget requirements, RI and other NO_x SIP Call subject states will be informed as to what, if any, changes are needed.

Additionally, as described above, the March 2, 2000 technical corrections changed the 2007 baselines and budgets for the highway and non-EGU sub-inventories in CT, MA, and RI. Therefore, when those states make the changes needed due to the remanded portions of the NO_x SIP Call, they will need to adopt changes to the highway and non-EGU 2007 baselines and budgets as well.

III. Proposed Action

EPA has reviewed RI's October 1, 1999, SIP submittal using the NO_x SIP Call rulemaking notices and checklist. EPA has reviewed RI's control measures and projected reductions and finds them approvable. Therefore, EPA is proposing to approve Regulation No. 41 and RI's NO_x SIP Call narrative into the RI SIP at this time.

EPA is soliciting public comments on the issues discussed in this proposal or on other relevant matters. These comments will be considered before EPA takes final action. Interested parties may participate in the Federal rulemaking procedure by submitting written comments to the EPA Regional office listed in the **ADDRESSES** section of this action.

Nothing in this action should be construed as permitting or allowing or establishing a precedent for any future request for revision to any State implementation plan. Each request for revision to the State implementation plan shall be considered separately in light of specific technical, economic, and environmental factors and in relation to relevant statutory and regulatory requirements.

IV. Administrative Requirements

Under Executive Order 12866 (58 FR 51735, October 4, 1993), this action is not a "significant regulatory action" and therefore is not subject to review by the Office of Management and Budget. This action merely approves state law as meeting federal requirements and imposes no additional requirements beyond those imposed by state law. Accordingly, the Regional Administrator certifies that this rule will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). Because this rule approves pre-existing requirements under state law and does not impose any additional enforceable duty beyond that required by state law, it does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4). For the same reason, this rule also does not significantly or uniquely affect the communities of tribal governments, as specified by Executive Order 13084 (63 FR 27655, May 10, 1998). This rule 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 (64 FR 43255, August 10, 1999), because it merely approves a state rule implementing a federal standard, and does not alter the relationship or the distribution of power and responsibilities established in the Clean Air Act. This rule also is not subject to Executive Order 13045 (62 FR 19885, April 23, 1997), because it is not economically significant.

In reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the Clean Air Act. In this context, in the absence of a prior existing requirement for the State to use voluntary consensus standards (VCS), EPA has no authority to disapprove a SIP submission for failure to use VCS. It would thus be inconsistent with applicable law for EPA, when it reviews a SIP submission, to use VCS in place of a SIP submission that otherwise satisfies the provisions of the Clean Air Act. Thus, the requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) do not apply. As required by section 3 of Executive Order 12988 (61 FR 4729, February 7, 1996), in issuing this rule, EPA has taken the necessary steps to eliminate drafting errors and ambiguity, minimize potential litigation, and provide a clear legal standard for affected conduct. EPA has complied with Executive Order 12630 (53 FR 8859, March 15, 1988) by examining the takings implications of the rule in accordance with the "Attorney General's Supplemental Guidelines for the Evaluation of Risk and Avoidance of Unanticipated Takings" issued under the executive order. This rule does not impose an information collection burden under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Intergovernmental relations, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements.

Authority: 42 U.S.C. 7401 *et seq.*

Dated: June 21, 2000.

Mindy S. Lubber,

Regional Administrator, EPA-New England.
[FR Doc. 00-17188 Filed 7-11-00; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[MN65-01-7290b; FRL-6712-8]

Approval and Promulgation of State Implementation Plans; Minnesota

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: This action approves a State Implementation Plan (SIP) revision for the State of Minnesota which was