

**Supporting Statement  
for  
Information Collection Request**

**Clean Air Interstate Rule to Reduce Interstate Transport of Fine  
Particle Matter and Ozone (Renewal)**

EPA ICR Number 2152.03; OMB Control Number 2060-0570

40 CFR Part 51  
40 CFR Part 96

Clean Air Markets Division  
Office of Air and Radiation  
U.S. Environmental Protection Agency



## **1. IDENTIFICATION OF THE INFORMATION COLLECTION**

### **1(a) Title of the Information Collection**

Clean Air Interstate Rule to Reduce Interstate Transport of Fine Particle Matter and Ozone, ICR Number 2152.03, OMB Number 2060-0570.

### **1(b) Short Characterization/Abstract**

In 2005, the United States (U.S.) Environmental Protection Agency (EPA) promulgated a the Clean Air Interstate Rule (CAIR) to Reduce Interstate Transport of Fine Particle Matter and Ozone. CAIR combined its reporting requirements with existing requirements from the Consolidated Emissions Reporting Rule (CERR), the Emission Reporting Requirements for Ozone State Implementation Plan (SIP) Revisions Relating to Statewide Budgets for NO<sub>x</sub> Emissions to Reduce Regional Transport of Ozone (NO<sub>x</sub> SIP Call) and the Acid Rain Program (ARP) under Title IV of the CAA Amendments of 1990. These other requirements have approved ICRs in place. CERR is covered under OMB Control Number 2060-0088, and the ARP is covered under OMB Control Number 2060-0258. The ICR Emission Reporting Requirements for Ozone State Implementation Plan (SIP) Revisions Relating to Statewide Budgets for NO<sub>x</sub> Emissions to Reduce Regional Transport of Ozone (NO<sub>x</sub> SIP Call), OMB Control Number 2060-0445) expires at the end of 2008. Sources previously subject to the NO<sub>x</sub> SIP Call requirements are now covered under CAIR.

This supporting Statement and ICR is being submitted to account for the incremental burden associated with CAIR. As such, this supporting Statement references the burden analysis included in the ICRs for CERR (2060-0088) and ARP (2060-0258) and estimates the change in burden resulting from CAIR beyond the scope of these ICRs.

This ICR details the additions and changes to reporting requirements associated with CAIR. These changes can be logically divided into two categories: 1) changes to existing requirements for emission reporting under the CERR; and 2) the addition of reporting requirements to support emissions trading in States using the CAIR model cap and trade rules. Throughout this Supporting Statement, the burden analysis associated with these two categories will be discussed sequentially as "Emission Reporting Requirements" and "Emission Trading Requirements."

### **Emission Reporting Requirements**

The existing emissions reporting requirements under the CERR are already rather comprehensive. First, in Arkansas, Florida, Iowa, Louisiana, Mississippi, and Wisconsin, which we have determined make significant contributions to ozone nonattainment in another State but are not among the 21 States subject to the NO<sub>x</sub> SIP Call, the required emissions reporting will be expanded to match those of the NO<sub>x</sub> SIP Call States. The change requires that those States report NO<sub>x</sub> emissions during the five-month ozone season, in addition to the existing requirement for reporting emissions for the full year. This new requirement begins with the triennial inventory year prior to the CAIR implementation date. This will be the 2008 inventory year, the report for which will be due to EPA by June 1, 2010. By combining the SIP Call and

CAIR emission reporting, this ICR now accounts for the ozone season emissions reporting by all 28 States and the District of Columbia.

Second, under the existing CERR, yearly reporting is required only for sources whose emissions exceed specified amounts. Under CAIR, the 23 States and the District of Columbia subject to CAIR for reasons of PM<sub>2.5</sub> must report to EPA each year a set of specified data elements for all sources subject to new controls adopted specifically to meet the CAIR requirements related to PM<sub>2.5</sub>, unless the sources participate in an EPA-administered emissions trading program. This is like the every-year reporting requirement for controlled sources under the NO<sub>x</sub> SIP Call, but covering SO<sub>2</sub> in addition to NO<sub>x</sub> and covering the whole year - since the PM<sub>2.5</sub> NAAQS at issue is the annual NAAQS - rather than only the ozone season. This rule could increase the number of sources for which States must submit reports each year rather than only every third year, if a State chooses to control non-EGU sources under CAIR or if the State does not join the EPA trading programs for EGUs. This new requirement will begin with the 2009 inventory year, the report for which will be due to EPA by June 1, 2011. After the 2009 reporting year, this new requirement will have no effect on States that fully comply with CAIR by requiring their EGUs to participate in the EPA model cap-and-trade programs.

### **Emission Trading Requirements**

For this ICR, it is assumed that each State will adopt the relevant CAIR SO<sub>2</sub>, annual NO<sub>x</sub> and ozone season NO<sub>x</sub> model trading rules, and the burden associated with these programs is evaluated. The trading programs include paperwork burden related to: 1) transferring and tracking allowances; 2) allocation of allowances to affected units; 3) permitting; 4) annual year end compliance certification; and 5) monitoring and reporting. The monitoring and reporting requirements of the trading programs will require capital and labor expenditures by industry, and these are evaluated.

As with the Acid Rain Program and the NO<sub>x</sub> SIP Call, the ability to buy and sell (or transfer) allowances is expected to provide substantial economic benefits by encouraging the greatest emissions reductions where costs of reductions are lowest. Allowance trading cannot be implemented, however, unless regulations governing emissions monitoring and permitting of sources are in place as well. To ensure compliance with the emissions reduction requirements and to provide the region wide consistency needed to foster the allowance market, the designated representative of the owners and operators of each source with affected units are required to have CAIR requirements integrated into their Title V permits for the affected source and to certify that an approved SO<sub>2</sub> and NO<sub>x</sub> emissions monitoring system has been installed and is properly operated at each affected unit.

For affected units currently required to monitor using Part 75 provisions, information for the allocation methodology will be recorded and collected as part of the emissions monitoring and reporting process. While many sources have already installed necessary emissions monitoring equipment due to requirements under other regulations, some sources will need to install new monitors or upgrade existing monitors. Capital costs also usually include the cost of initial certification of new or upgraded monitors is included as part of start-up costs.

Emissions monitoring and reporting by sources in the cap and trade program is fundamental to the allowance trading system. EPA will use the data contained in the reports to

verify actual emissions. Without accurate monitoring and reporting of emissions, the integrity of the allowance system would be undermined, and there would be no assurance that the cap is achieved and emissions had been reduced. To meet the emissions monitoring, recordkeeping and reporting requirements, affected units are required to: 1) submit a monitoring plan and certification reports for each monitoring system; 2) record hourly emissions data; and 3) submit reports of their emissions and operating data to EPA. Sources with monitors already certified under Part 75 may be exempt from initial certification requirements.

Note that EPA recently revised 40 CFR Part 75 (see 73 FR 4312, January 24, 2008). A separate ICR addresses the specific burdens associated with meeting those revised Part 75 requirements. In large part, these revisions support EPA's modernization of electronic reporting under Part 75, through the new Emission Collection and Monitoring Plan System (ECMPS). While the ICR estimates a one-time burden of understanding and implementing the new rules, in the longer term, EPA believes the new system will streamline the reporting process. EPA has not yet accounted for any reduced burden in this ICR, but intends to use the 2009 through 2011 implementation period to evaluate whether the reporting burden estimates in this ICR (and the Acid Rain Program ICR) should be modified based on reporting through ECMPS.

All participants in the allowance transfer system are required either to complete and submit an allowance transfer form for each allowance transfer or to perform the transfer on-line. Participants in the transfer system that are not affected sources, such as allowance brokers, fuel suppliers and environmental groups are also required to file a onetime account information application to establish accounts in the allowance tracking systems. For sources affected by CAIR, allowance transfers currently conducted under the Acid Rain and NO<sub>x</sub> SIP Call Programs will occur in the context of the CAIR Trading Program starting in 2009 for the ozone season NO<sub>x</sub> programs and 2010 for the SO<sub>2</sub> annual program. The only additional transfers as a result of CAIR will occur under the annual NO<sub>x</sub> trading program.

## **2. NEED FOR AND USE OF THE COLLECTION**

### **2(a) Need/Authority for the Collection**

One of the goals of this rulemaking is to consolidate the emission inventory reporting requirements found in several existing regulations and streamline the activities involved in submitting the emissions data to EPA. This will enable the EPA to achieve uniformity and completeness in emission inventories used to support national, regional, and local air quality planning and attainment.

While the CAA does not provide a specific authorization for a national emissions data base, the CAA provides the EPA ample legislative authority for acquiring such data. Emissions data are of vital importance to the EPA for fulfilling a host of monitoring, standard-setting, rulemaking, reviewing, and reporting duties. Section 110 and 301(a) of the CAA provide a primary authority for a national emissions data base. Section 110 requires each State to prepare a plan which provides for implementation, maintenance, and enforcement of the primary standard for each pollutant for which air quality criteria have been issued. This plan must include provisions for periodic reports identifying sources and listing amounts of emissions. Section 301(a) authorizes the Administrator to promulgate necessary regulations.

Congressional support for collecting and reporting emissions data is demonstrated in three sections of the CAA. Section 110(a)(2)(F) requires that each State provide for periodic reports on the nature and amounts of emissions of criteria pollutants from stationary sources. Sections 182(a)(3)(A) and 187(a)(5) of the CAA specify periodic inventory requirements for ozone and CO nonattainment areas, respectively. Section 182(a)(3)(A) requires States with ozone nonattainment areas to submit a current inventory of actual emissions of VOC, NO<sub>x</sub>, and CO every three years. Section 187(a)(5) requires a similar inventory of actual CO emissions for CO nonattainment areas. Periodic inventories include emission estimates for all point, nonpoint, onroad mobile, nonroad mobile, and biogenic sources. Section 172(c)(3) also provides the Administrator with discretionary authority to require other emissions data as deemed necessary for State Implementation Plan (SIP) development in nonattainment areas to meet the NAAQS. In 1998, EPA promulgated the NO<sub>x</sub> SIP Call which required the affected States and the District of Columbia to submit SIP revisions providing for NO<sub>x</sub> reductions to reduce their adverse impact on downwind ozone nonattainment areas. (63 FR 57356, October 27, 1998). As part of that rule, codified in 40 CFR 51.122, EPA established emissions reporting requirements to be included in the SIP revisions required under that action. The CERR emissions reporting requirements were promulgated by EPA in 2002, and are codified at 40 CFR part 51 subpart A (67 FR 39602, June 10, 2002). These requirements replaced the requirements previously contained in subpart Q, expanding their geographic and pollutant coverages while simplifying them in other ways.

The CAIR rulemaking consolidated two sections of title 40 of the CFR that contain emissions reporting requirements applicable to States (subpart A of part 51 (the CERR) and section 51.122 in subpart G of part 51 (the NO<sub>x</sub> SIP Call reporting requirements)) and incorporated some modifications. The emissions reporting requirements for CAIR are included in 40 CFR 51.125. The requirements in section 51.125 are intended to achieve the reporting needed to verify the reductions required by CAIR.

Under the CAIR requirements in section 51.125, every year States must report to EPA, both the annual emissions of NO<sub>x</sub> and SO<sub>2</sub> and the ozone season (May 1 through September 30) emissions of NO<sub>x</sub> from sources that the State has determined to be subject to the emissions control requirements of CAIR. The affected States are also required to report ozone season emissions and typical summer daily emissions of NO<sub>x</sub> from all sources every third year (2011 is the next reporting year). The reports are due to EPA on December 31 of the calendar year following the inventory year. The emissions reporting requirements affect the District of Columbia and the 28 States affected by CAIR.

## **2(b) Practical Utility/Users of the Data**

### **Emission Reporting Requirements**

Emissions data and related information on stationary point and nonpoint sources, as well as non-road and on-road mobile sources, are routinely used by OAQPS and EPA Regional Offices in carrying out a variety of activities. These activities support regulatory functions as well as functions that are more programmatic in nature such as trends analyses. Such projects include:

- Evaluation of existing control strategies, such as CAIR, for States and larger areas;

- Evaluation of proposed control strategies for States and larger areas, including applications of regional scale models;
- Development of national control strategies and preparation of Regulatory Impact Analyses (RIA);
- Preparation and publication of national summaries of emissions including trend analyses;
- As a data base to assist in the identification of important source categories for future regulation; and
- Preparation of the stationary source portion of a report to Congress on SO<sub>2</sub> emissions. This report is required by Section 406 of the CAA and is due on a five-year cycle that began on January 1, 1995. The report must contain an inventory of national annual SO<sub>2</sub> emissions from industrial sources (as defined in Title IV of the CAA).

EPA's Office of Research and Development (ORD) uses emissions source data in determining priorities for control technology research and as a key data component in the application of regional scale models. EPA's Regional Offices use emissions and other source parameters to support source inspections and in the analyses of the impact of new or modified sources within an area. EPA's Emission Factor and Inventory Group (EFIG) use the data to assess and analyze trends in criteria pollutant emissions over time.

In addition to supporting projects and initiatives internal to EPA, both OAQPS and EPA's Regional Offices respond to numerous requests for reports on emission sources. Typically this is done under the Freedom of Information Act. Most requests come from contractors and consultants involved in special studies; a smaller number come from the press and universities and others involved in research.

The collection of emissions data specific to nonattainment areas for certain criteria air pollutants is necessary to comply with requirements specified in Title I of the CAA. States with nonattainment areas rely on current information for point, nonpoint, and mobile sources to revise their SIPs and to plan for emission reductions mandated by the CAA. In addition, a Statewide inventory compiled at least every three years for all point, nonpoint, and mobile sources is considered to be a key tool to assist States in meeting CAA requirements that address emissions tracking, compliance issues, and mid-course adjustments. Statewide emission inventories can be used by States affected by pollution transport from upwind areas to develop more efficient control strategies to meet the NAAQS. Statewide emission inventories that were developed by EPA (the NEI) are being used by the Regional Planning Organizations (RPOs) as the starting point for the development of Statewide emission inventories used in the regional haze program to define control strategies.

### **Emission Trading Requirements**

Permit applications, including proposed compliance plans, will be used by States and EPA to issue operating permits and to allocate allowances. A permit application is legally binding on the owners, operators, and designated representative of a source until the actual

permit is issued. Affected sources may rely on the permit for information on the requirements with which they must comply. Because permit applications and permits are public documents, they may be used by the public to examine activities undertaken by affected sources.

Data from emissions monitoring is indispensable to successful implementation of the trading programs for two reasons:

- The primary purpose of the trading programs is to assist States in the attainment of the ozone and fine particulate matter national ambient air quality standards (NAAQS) by reducing the adverse effects of the transport of ozone, ozone precursors and fine particles from upwind States by reducing annual emissions of sulfur dioxide and nitrogen oxides; and
- EPA can only enforce the program by comparing, for each affected unit, emissions data and the number of allowances held.

Information collected on allowance transfers is used by EPA or its designated agent to track allowances for the purpose of determining compliance with the NO<sub>x</sub> and SO<sub>2</sub> Trading Programs. Information on allowance transfers is also used by participants in the allowance market and the public to evaluate the activities of affected sources, and by EPA for program evaluation.

Together, the allowance trading system, operating permits, and emissions data helps to provide the accountability needed so that the NO<sub>x</sub> and SO<sub>2</sub> Trading Programs can function without more stringent command and control approaches.

### **3. NONDUPLICATION, CONSULTATIONS, AND OTHER COLLECTION CRITERIA**

#### **3(a) Nonduplication**

##### **Emission Reporting Requirements**

EPA will allow the direct reporting of point source data from sources to EPA to satisfy this requirement if the sources are subject to the monitoring and reporting requirements of 40 CFR Part 75. The direct reporting of data from sources to EPA will minimize the reporting burden on States. Also, direct reporting will avoid duplication of effort for sources subject to the Part 75 requirements.

##### **Emission Trading Requirements**

Reporting requirements for affected sources for the CAIR NO<sub>x</sub> and SO<sub>2</sub> Trading Programs are integrated with existing Part 75 reporting formats. The reporting formats are currently used by Acid Rain Program units under Title IV of the Act and through 2008 are being used by units subject to the NO<sub>x</sub> SIP Call Trading Program implemented under Title I of the Act. Thus, for units subject to Acid Rain or the CAIR quarterly reporting requirements, or both, only one submission will need to be made on a quarterly basis. Starting in 2009, CAIR reporting replaces NO<sub>x</sub> SIP Call trading program reporting.



### **3(b) Public Notice Required Prior to ICR Submission to OMB**

An announcement of the public comment period for this ICR renewal was published in the Federal Register (73 FR 24973) on May 6, 2008. In addition, all documents associated with this ICR renewal are accessible on [www.regulations.gov](http://www.regulations.gov), under Docket # EPA-HQ-OAR-2006-0947 and Docket # EPA-HQ-OAR-2008-0317. No comments were received in response to this ICR renewal.

### **3(c) Consultations**

#### **Emission Reporting Requirements**

During the development of emission reporting requirements for CAIR discussions were held with STAPPA/ALAPCO to clarify EPA's logic in developing the rule and to answer questions. The Agency has provided seven implementation workshops for state personnel and five additional workshops for sources, both of which were well attended with up to 200 participants. Average attendance at these workshops has been about 110 stakeholders. In addition, EPA holds bimonthly consultations with STAPPA as well as monthly monitoring conference calls with states, and the CAIR rule and related issues are an important component of those consultations and meetings.

#### **Emission Trading Requirements**

The requirements for the CAIR Trading Programs have been developed using both the methodology found in existing trading programs as well as consultations with interested parties. EPA built on the cap and trade strategy used in the Acid Rain Program, Ozone Transport Commission's NO<sub>x</sub> Budget Program, and the NO<sub>x</sub> SIP Call.

EPA held two workshops with States in the NO<sub>x</sub> SIP Call or OTC programs to discuss lessons learned in those programs. Additionally, EPA has had frequent interaction with affected sources and States in the course of implementing the Acid Rain and NO<sub>x</sub> SIP Call Trading Programs. EPA has received comments following the workshops and through these less formal interactions and considered and incorporated those comments into the final CAIR rule package. Recently, EPA has held numerous consultations with stakeholders as EPA implements the new data system (ECMPS) that will support Part 75 reporting as of January 1, 2009. EPA has also held stakeholder workshops on CAIR implementation. EPA has considered and accounted for those interactions in preparing this renewal ICR.

Finally, as part of updating the previous ICR for the Acid Rain Program (Part 75) monitoring requirements, EPA contacted various affected parties to gather information on CEM capital costs, CEM operation and maintenance costs, fuel meter capital costs, and CEM/fuelmeter testing costs. That information has been used in this ICR where appropriate.

### **3(d) Effects of Less Frequent Collection**

#### **Emission Reporting Requirements**

The submittal dates required for reporting of emissions data to EPA have been established to minimize the burden on State and local agencies, but also to ensure that State and local agencies are collecting timely and sufficient emissions inventory data to support their air pollution control efforts. A Statewide inventory compiled at least every three years for all point, nonpoint, and mobile sources is considered important to assist States in meeting various CAA requirements.

If the information collection were not carried out every three years for all sources and annually for major point sources, the EPA would not be able to maintain a central, national repository of emissions data from which to extract updated information needed to fulfill EPA mandates.

If this information collection were not carried out annually for sources being controlled to meet the SO<sub>2</sub> and NO<sub>x</sub> budgets, EPA would not be able to verify that emission reductions necessary to meet each State's SO<sub>2</sub> and NO<sub>x</sub> emission budgets were being achieved.

In addition, a triennial report of all NO<sub>x</sub> sources Statewide is vital in enabling EPA to track States' progress towards meeting the NO<sub>x</sub> budgets. Because the SO<sub>2</sub> and NO<sub>x</sub> budgets prescribed have been deemed essential in order for downwind States to attain the NAAQS in a timely manner, data collected less frequently would be of little or no use.

### **Emission Trading Requirements**

Submittal of allowance trading information and emissions information on an annual basis provides necessary feedback on the requirements of the program, especially whether the program caps have been maintained. If this information collection were not carried out annually for sources being controlled to meet the SO<sub>2</sub> and NO<sub>x</sub> budgets, EPA would not be able to verify that emission reductions necessary to meet each State's SO<sub>2</sub> and NO<sub>x</sub> emission budgets were being achieved. Because the SO<sub>2</sub> and NO<sub>x</sub> budgets prescribed have been deemed essential in order to aid downwind States in attaining the NAAQS in a timely manner, data collected less frequently would be of little or no use.

Quarterly collections of emissions data allows the opportunity to check data for errors and provide rapid feedback on needed adjustments to data collection systems, and thereby promotes accurate and reliable emissions data. For this same reason, existing federal and State emission monitoring programs often require quarterly reporting, or in some cases, monthly. Less frequent collection, such as semi-annually or annually, would increase the amount of preparation and review time at the end of the reporting period both for regulated sources and for EPA. This would slow down the process for the verification of compliance.

### **3(e) General Guidelines**

This ICR does not violate any of OMB's guidelines for information collections.

### **3(f) Confidentiality**

Any data that is submitted to EPA under this rule will be considered in the public domain and cannot be treated as confidential.

As required by Section 114 of the Clean Air Act, estimates or measurements of emissions must be treated as non-confidential. Under Agency procedures, data items relating to the computation of emissions may be identified as sensitive by a State and are then treated as "State-sensitive" by EPA. The potentially State-sensitive items include the following: Process rate, boiler design capacity, emission estimation codes, percent space heat, operating rate, and maximum operation rate/hour. Where Federal and State requirements are inconsistent, EPA Regional Office should be consulted for final reconciliation.

### **3(g) Sensitive Questions**

This information collection does not ask any questions concerning sexual behavior or attitudes, religious beliefs, or other matters usually considered private.

## **4. THE RESPONDENTS AND THE INFORMATION REQUESTED**

### **4(a) Respondents/Standard Industrial Classification (SIC) Codes**

#### **Emission Reporting Requirements**

The emissions data required by the rule will generally be submitted by State air pollution control agencies. Under the CERR, there are 55 State and territorial air pollution control agencies, as well as 49 local air agencies that will be subject to the national reporting requirements and will be required to compile and report emissions information for large stationary point sources on an annual basis, and for smaller point sources, stationary nonpoint and mobile sources on a three-year basis. CAIR requires 28 States and the District of Columbia to report NO<sub>x</sub> and SO<sub>2</sub> emission related data on an annual and triennial basis. Those States subject to CAIR for reasons of PM<sub>2.5</sub> and/or ozone must report to EPA each year a set of specified data elements for all sources subject to new controls adopted specifically to meet the CAIR requirements related to PM<sub>2.5</sub> and/or ozone, unless the sources participate in an EPA-administered emissions trading program. The affected SIC code would be 9511 - *Air and Water Resource and Solid Waste Management*, which includes governmental environmental protection and control agencies, and pollution control agencies. Because all 28 States and Washington D.C. intend to use the trading program, no burden is associated with this requirement.

#### **Emission Trading Requirements**

This ICR also estimates a burden for affected industry sources to monitor SO<sub>2</sub> and NO<sub>x</sub> mass emissions and demonstrate compliance with SO<sub>2</sub> and NO<sub>x</sub> control measures. Sources may report data directly to EPA if a source is required to meet the monitoring and reporting requirements of Part 75. All affected States and Washington D.C. have chosen to control large electric utility sources to comply with their SO<sub>2</sub> and NO<sub>x</sub> emissions budgets. Electric utility combustion sources are generally classified as either SIC 4911 - *Electric Services*, or 4931 - *Electric and Other Services Combined* [NAICS 221112 Electric Power Distribution]. In addition, the NO<sub>x</sub> SIP Call trading program affected combustion sources across many industrial sectors. States previously subject to that trading program have the option to keep those sources in the CAIR ozone season NO<sub>x</sub> program, and many States have elected to do so. Those sources include a wide range of SIC [NAICS] codes, including cement kilns, which fall primarily under

SIC 327 - *Concrete, Gypsum, and Plaster Products*) [NAICS 3273 Cement Manufacturing and 3274 Gypsum Product Manufacturing] and large industrial combustion sources (e.g., boilers, turbines, and internal combustion engines), which are expected to fall under SIC codes for the manufacturing sector, i.e., SIC Major Groups 29-40 [NAICS 31-33 Manufacturing].

#### **4(b) Information Requested**

##### **Emission Reporting Requirements**

The CERR and NO<sub>x</sub> SIP Call established the basic emission reporting requirements. CAIR changes some of these requirements such that the previously accounted for reporting burden also changes. Only the changes to the CERR and NO<sub>x</sub> SIP Call reporting requirements that would change reporting burden are discussed here.

###### *Respondent activities*

For the emission inventory reporting requirements of CAIR, respondent activities are very similar to what has been required to satisfy reporting under CERR and the NO<sub>x</sub> SIP Call. The specific State respondent activities associated with CAIR that are changes from the existing CERR requirements include a triennial State reporting burden. This ICR includes estimates for the incremental burden across all CAIR affected States and Washington D.C., including those previously subject to the NO<sub>x</sub> SIP Call reporting requirements.

The one-time State burden items include reading the reporting requirements of the rule and the Triennial State burden item.

##### **Emission Trading Requirements**

This section describes the data items requested from affected sources for the collections described in this ICR. This section also defines the activities in which respondents must engage to assemble, submit, or store these data items.

###### *(i) Data Items, Including Recordkeeping Requirements*

###### *(a) Allowance Tracking*

There are several data items required for allowance tracking activities. First, the affected source must submit account certificates of representation for the CAIR designated representative and (if desired) alternate CAIR designated representative. This documentation, the requirement for which is found in 40 CFR 96.113, .213 and .313, must include:

- Identification of the source and unit;
- Dates on which the unit commenced operation and commenced commercial operation;
- Name and contact information for the CAIR designated representative and alternate;
- A list of the owners and operators of each source and unit; and

- A certification Statement and signature of the CAIR designated representative and alternate.

Certification applications are to be kept for a period of five years pursuant to the general requirements imposed for Title V permitted facilities.

#### (b) Permitting

The basic requirement for permitting is an application for a permit revision to a source's operating permit issued under Title V of the Act. Although there is some possibility that a non-Title V source could be affected under the CAIR Trading Program, all affected sources are assumed to be Title V sources for purposes of this ICR. Except for the permit revision application, all of the other monitoring, reporting or recordkeeping requirements associated with Title V permitting are either part of the baseline Title V requirements or are covered separately under section 4(c). Title V permit applications must be kept for five years pursuant to Title V recordkeeping requirements. In addition, some coal-fired units that are not part of the Acid Rain Program may have to apply for a permit to construct under Title I of the Act as part of a CAIR compliance strategy. For this ICR, most of this burden was expected to occur prior to the end of 2008. During the 2009-2011 period, this ICR estimates that only a small percentage of sources will still have to go through the permitting process as a result of CAIR.

#### (c) Monitoring and Reporting

Affected trading program sources are required to monitor SO<sub>2</sub> and NO<sub>x</sub> mass emissions, and record and report emissions data using the requirements of 40 CFR Part 75. The emissions monitoring requirements specify that affected sources must: 1) submit a monitoring plan for each affected unit at a source; 2) submit data for certification of each monitor; and 3) record hourly operational, pollutant monitor, and flow monitor data for each affected unit and submit quarterly reports of their emissions data to EPA.

Respondents are required by 40 CFR 75.64 to submit the quarterly SO<sub>2</sub> and NO<sub>x</sub> mass emissions data electronically, by direct electronic submission to EPA, and must also include a certification Statement by the designated representative of the unit. All monitoring records are to be kept for three years, with one possible exception under a voluntary option for fuel flowmeter calibration testing.

##### *(ii) Respondent Activities*

The primary tasks that will be performed by trading program respondents to meet the emissions monitoring requirements are: 1) completing and submitting appropriate monitoring plan forms for each affected source and each affected unit at a source; 2) conducting tests to certify the operation of monitors, and submitting test results to EPA; 3) recording hourly emissions data (this activity generally is performed electronically); 4) operation and maintenance activities associated with the monitoring, including quality assurance activities; 5) assuring data quality, preparing quarterly reports of emissions data and submitting these reports to EPA; and 6) responding to error messages generated by EPA. In addition, some respondents will have to purchase the necessary monitoring hardware and purchase the electronic data reporting software

(or software upgrades). Most of these purchases are expected to occur prior to 2009 but this ICR continues to include annualized costs for sources that are likely to have incurred these expenditures through 2008.

## **5. THE INFORMATION COLLECTED, AGENCY ACTIVITIES, COLLECTION METHODS, AND INFORMATION MANAGEMENT**

### **5(a) Agency Activities**

#### **Emission Reporting Requirements**

The EPA activities associated with the rule include:

- Receiving, reviewing, and storing emission inventory data submitted by each State;
- Processing and updating data submitted by States, including performing quality assurance of data, and coordination of efforts to resolve errors and anomalies; and
- Fulfilling information requests.

#### **Emission Trading Requirements**

The major EPA activities related to the CAIR Trading Program include: (1) maintenance and administration of the SO<sub>2</sub> and NO<sub>x</sub> allowance tracking systems, (2) reviewing permit applications, (3) reviewing monitoring plans and certification applications, (4) processing, reviewing and evaluating reports of quarterly emissions data from affected units, (5) calculating/reviewing annual emissions from affected sources, and (6) reviewing total annual emissions data submitted to track each State's progress toward meeting its budgets and creating a summary report of emissions. EPA will use a computer system to track and maintain monitoring and emissions information. EPA will also answer respondent questions and conduct audits of data submissions.

### **5(b) Collection Methodology and Management**

#### **Emission Reporting Requirements**

The EPA has established a central repository of inventory data for all States termed the National Emissions Inventory (NEI) database. Emissions inventory data reported electronically will be stored in the NEI database and used by the EPA and by other States for air modeling, tracking progress in meeting CAA requirements, setting policy, and answering questions from the public.

The EPA has created and maintains the NEI database as a central repository of inventory data for all States, but the data must be supplied by the States in electronic form. The EPA currently requires that States use the NEI Input Format (NIF) for electronic data reporting (EDR). EPA is in the process of reengineering the NEI in order to improve the process for State agency submittals.

#### **Emission Trading Requirements**

To ensure consistency region wide and to expedite data entry, EPA requires that standard formats used for Part 75 reporting be used to submit the information collected for the CAIR Trading Programs.

Several computer systems and associated databases have been developed to (1) track allowances, (2) record quarterly emissions monitoring data, and (3) calculate the number of allowances to be deducted each year. The systems and databases are designed to coordinate the information for easy access and use by the Agency, States, regulated community, and the public. Beginning with the first quarter of 2009, all industry sources must use the Emissions Collection and Monitoring Plan System (ECMPS) to submit monitoring plan, quality assurance, certification test, and emissions data to EPA for the Acid Rain and CAIR programs.

The EPA also has established a Clean Air Markets Page on the Internet, which includes detailed information collected from emissions reports. Those without access to the Internet may use the Clean Air Markets Hotline to request information, including summary reports. The Agency expects to rely on these electronic means to disseminate information about the CAIR Trading Programs as the programs are implemented.

### **5(c) Small Entity Flexibility**

#### **Emission Reporting Requirements**

State and territorial control agencies are not considered to be small entities. OMB's definition for a small entity includes small governmental jurisdictions with populations of less than 50,000. According to 1999 population data from the U.S. Census Bureau, no State or Territory has a population below this threshold. However, certain local air pollution agencies may be in charge of individual counties or multi-county areas whose population is less than 50,000.

These local agencies have had experience compiling their 2002 and 2005 inventories that were submitted to EPA in June 2004 and June 2007, respectively, as required by the CERR.

#### **Emission Trading Requirements**

The CAIR Trading Program includes fossil fuel-fired units (stationary boilers, combustion turbines, and combined cycle systems) that serve an electrical generator of capacity greater than 25 MWe. Units with a lower capacity are not included because of the high cost of monitoring emissions from these sources and the *de minimis* nature of their emissions.

There is one small unit provision applicable to the CAIR Trading Programs which provides for reduced monitoring. The low mass emissions provisions (40 CFR 75.19) allows optional reduced monitoring, quality assurance, and reporting requirements for units that combust natural gas and/or fuel oil and that emit no more than 100 tons of NO<sub>x</sub> annually provided that no more than 50 tons of NO<sub>x</sub> is emitted in the ozone season (May 1 - September 30) and no more than 25 tons of SO<sub>2</sub> annually and that calculate no more than the same amount based on specified procedures for calculating and reporting emissions. Utilities that qualify are not required to keep monitoring equipment installed on (or conduct fuel sampling for) low mass

emissions units, nor are they required to perform quality assurance or quality control tests. Moreover, emissions reporting requirements are significantly simplified for these units.

Even if a gas- or oil-fired unit does not qualify for the "low mass emissions unit" provisions, the monitoring provisions of Part 75 do allow for the use of alternative methods to determine emissions. As discussed in the Regulatory Impact Analysis (RIA) of the final Acid Rain Implementation Regulations (October 19, 1992), smaller utilities are more likely to be dependent on these oil- and gas-fired units, especially very small utilities (see p. 5-14 of that RIA document). This analysis remains relevant under CAIR.

#### **5(d) Collection Schedule**

Collection frequency under CAIR will be on a quarterly, annual, and triennial basis. All affected industry sources will use ECMPS to submit monitoring plan, quality assurance, certification test, and emissions data to EPA on a quarterly basis. In addition, CAIR requires the collection of allowance trading and emissions information on an annual basis and the collection of a Statewide inventory of NO<sub>x</sub> sources every three years.

### **6. ESTIMATING THE BURDEN AND COST OF THE COLLECTION**

#### **6(a) Estimating Respondent Burden**

##### **Emission Reporting Requirements**

The respondent burden for complying with the reporting requirements of the rule is estimated incremental to the burden associated with existing annual inventory and periodic inventory reporting requirements.

In general, States already have mechanisms in place for reporting emissions data to EPA under the existing CERR and NO<sub>x</sub> SIP Call inventory requirements, particularly for those States previously subject to the NO<sub>x</sub> SIP Call (the requirements of which are covered by CAIR starting in 2009). The changes to the existing reporting requirements are specified in Section 4(b)(i) of this supporting Statement.

Other ongoing State activities that support existing inventory reporting requirements include:

- Collecting emissions data and other associated information;
- Training staff in coding and submissions techniques;
- Quality-assuring emissions data and resolution of errors and anomalies identified by EPA;
- Maintaining records associated with data submitted by sources; and
- Preparing and submitting required inventory data items in approvable format.



This supporting Statement estimates burden using methods similar to the ones used for the CERR and the NO<sub>x</sub> SIP Call. As Stated in 40 CFR §51.125(b)(2), each State must provide triennial reports of SO<sub>2</sub> and NO<sub>x</sub> emissions data from all affected sources within the State. The CAIR reporting requirements necessitate the estimation and reporting of annual NO<sub>x</sub> and SO<sub>2</sub> emissions in 2011 for all States subject to CAIR for purposes of ozone and PM<sub>2.5</sub>. For States subject to CAIR for purposes of ozone nonattainment, respondents must also submit ozone season and daily NO<sub>x</sub> emissions data from all affected sources. For these States, EPA estimates that each respondent would spend 24 hours of technical staff time and one hour of managerial staff time. The following sections discuss the assumptions used to develop burden hour estimates for one-time only activities and triennial activities. Table 6-1 lists the burden items included under these categories, and presents their associated burden hours for one year. In general, managerial time was estimated to be five percent of technical staff time. Burden hours and associated costs were estimated for the 2009-2011 period. Table 6-2 shows the required activities that a State must perform each year, during these years. Table 6-3 presents the State and local respondent annual burden hours and costs by activity.

The time for States, territorial, and local agencies to read and interpret the reporting requirements of the rule was estimated to be one hour for technical staff and one hour for managerial staff.

### **Emission Trading Requirements**

This section estimates the paperwork burden and cost of submitting permit applications, allowance tracking and transfer materials (including applications for early reduction credits), year-end compliance certifications, submittal of monitoring plans, obtaining certification of each monitoring system, conducting monitor quality assurance activities, and recording and reporting data from CEM systems (or approved alternatives).

To estimate the burden and/or cost of each incidence of the various rule revisions, EPA had available prior estimates of the costs of various activities, estimates provided by affected utilities in comments to the Agency, and estimates based on the Agency's experience in implementing the trading programs under the NO<sub>x</sub> SIP Call and the Acid Rain Program.

For the purposes of this analysis, the trading sources are grouped into the following categories:

- Acid Rain Program units located in any CAIR-affected State;
- Trading units (non-Acid Rain) located in a PM/O<sub>3</sub> State (AL, FL, IA, IL, IN, KY, LA, MD, MI, MO, MS, NY, NC, OH, PA, SC, TN, VA, WI, WV, and DC) or a PM-only State (GA, MN and TX); and
- Trading units (non-Acid Rain) located in an O<sub>3</sub>-only State (AR, CT, DE, MA, and NJ).

Note that for certain collection activities, the burden is calculated separately for sources located in the NO<sub>x</sub> SIP Call region in order to account for the fact that these sources are already familiar with the reporting requirements. The NO<sub>x</sub> SIP Call Program, a region wide cap-and-trade program that phases out at the end of 2008, targeted utility and large industrial combustion

sources to facilitate NO<sub>x</sub> emissions reductions in the NO<sub>x</sub> SIP Call region. As such, the burden for the information collection activities associated with reviewing instructions and requirements and debugging computer software will be lower for sources located in this region. The NO<sub>x</sub> SIP Call States in the CAIR region include Alabama, Connecticut, Delaware, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia, as well as the District of Columbia.

The CAIR Trading Program requires all affected sources to monitor NO<sub>x</sub> and SO<sub>2</sub> emissions, SO<sub>2</sub> emission rate, and heat input in order to determine NO<sub>x</sub> mass emissions and SO<sub>2</sub> mass emissions. Coal-fired units use an SO<sub>2</sub>, NO<sub>x</sub>, and flow CEMS to meet those requirements. Oil and gas units have some alternatives. For SO<sub>2</sub>, these units can use fuel sampling and analysis (or an SO<sub>2</sub> default factor for pipeline natural gas) combined with a fuel flowmeter. In addition, peaking units that burn natural gas and/or fuel oil may use an alternative method for calculating NO<sub>x</sub> emission rates. EPA will also allow certain low mass emissions units to use assumed emissions factors together with operational data to calculate NO<sub>x</sub> and SO<sub>2</sub> emissions.

For purposes of this ICR, it is important that the burdens and costs be calculated only in terms of incremental impacts for units subject to the Acid Rain Program. As such, the labor hour and cost estimates per unit or facility, as identified in this document, represent the weighted average burden and cost for all units and do not represent the actual burden and cost for a particular unit or facility. For sources previously subject to the trading program under the NO<sub>x</sub> SIP Call, this ICR incorporates the burdens previously accounted for in the ICR under that program. In addition, this ICR does not attempt to take into account the potential for sources to use monitoring equipment required under another program (such as a 40 CFR Part 60 New Source Performance Standard). As such, the weighting is a conservative estimate.

The following discussion highlights some of the basic differences for the categories of units. Included in this discussion is the consideration of monitoring and reporting activities that are currently completed by many of these sources under the Acid Rain Program.

Trading units subject to the Acid Rain Program that are located in a CAIR State will have the smallest overall impact with regard to monitoring and reporting. Aside from a small burden associated with DAHS upgrades (for those not previously subject to the NO<sub>x</sub> SIP Call), Acid Rain Program-affected units already monitor and report both SO<sub>2</sub> mass emissions and NO<sub>x</sub> emission rates on a year round basis and will not incur additional burdens (or capital and operating and maintenance costs) as a result of CAIR since they have already installed and are operating a CEMS (or approved alternative).

Trading units not subject to the Acid Rain Program that are located in a CAIR State will incur the largest impact with regard to monitoring. For the CAIR ozone season program, this ICR incorporates the monitoring burdens previously accounted for under the NO<sub>x</sub> SIP Call ICR (ICR Number 1857.03). For the CAIR annual NO<sub>x</sub> and SO<sub>2</sub> programs (in States not previously covered by the SIP Call or in the CAIR ozone season program), sources are currently not required to monitor according to Part 75. These sources will need to monitor and report NO<sub>x</sub> emissions during the O<sub>3</sub> season and on an annual basis as well as SO<sub>2</sub> on an annual basis. The burdens will be less in States that are subject only to the CAIR ozone season NO<sub>x</sub> program. These units will also have additional burden associated with permit applications and certain allowance transactions. Monitoring will depend on the type of fuel and the amount of time the

unit is operated. Therefore, the costs will vary depending on the appropriate monitoring alternative and the monitoring requirements that previously applied to the unit under the NO<sub>x</sub> SIP Call.

Sources are subject to the CAIR Trading Programs NO<sub>x</sub> monitoring and reporting requirements in 2008 and the SO<sub>2</sub> monitoring and reporting requirements in 2009. Compliance with the emissions caps, along with allowance holding requirements, begins in 2009 for NO<sub>x</sub> and 2010 for SO<sub>2</sub>. Table 6-4 shows the burden associated with monitoring SO<sub>2</sub> and NO<sub>x</sub> under the CAIR trading programs at the various types of sources.

The primary tasks performed by owners and operators of affected units are: 1) permitting; 2) monitoring, recording, and reporting emissions data; 3) allowance trading activities; and 4) submittal of the year end compliance certification.

*(i) Permitting*

Each affected entity will have to submit a permit revision application to include in the source's Title V permit the necessary conditions related to compliance with the CAIR Trading Programs. The Agency included the burden for this application process in the 2006-2008 time period. For this renewal ICR, covering 2009 through 2011, EPA estimates that approximately ten percent of the sources may still need to complete some permit application steps (such as to correct issues/problems). EPA believes that this application should be relatively routine, and that a standard method of incorporating the requirements by reference or a standard set of permit conditions will be available. The Agency estimates that, on a per unit basis, about four managerial hours will be required to revise the Title V permit.

Some sources will also be required to construct additional facilities, and therefore will need to complete a permit to construct application. The Agency estimates that this requirement will be necessary for all coal-fired units that are not in the Acid Rain Program and that the task will take 20 hours of managerial and 20 hours of technician time, per permit. This action was previously accounted for in the 2006 through 2008 time period, and EPA estimates that in 2009 through 2011, only ten percent of the sources will need to undertake further steps in this process.

*(ii) Monitoring.*

For monitoring, the burdens differ greatly based on the amount and type of monitoring the unit is already subject to and the particular subtask of monitoring being conducted. The specific elements of burden are:

*Start-up Activities.* A large part of start-up activities involves capital and test contractor costs. However, the owner or operator will incur some labor burden for these activities, as applicable. For Acid Rain units that were also previously affected by the NO<sub>x</sub> SIP Call, CAIR imposes no start-up burdens beyond existing programs. There will be a small burden associated with DAHS upgrades for those ARP units not previously affected by the NO<sub>x</sub> SIP Call. For the non-Acid Rain units, the burdens reflect arranging for SO<sub>2</sub> and NO<sub>x</sub> CEMS purchase (as required) and oversight of the certification process. The non-Acid Rain units in O<sub>3</sub>-only States would need to purchase and certify only NO<sub>x</sub> monitoring systems. In the 2009 through 2011 time period, EPA anticipates that purchase and certification has already occurred for all NO<sub>x</sub> and

SO<sub>2</sub> systems. During this period, only new units will need to go through this process. Some units will also have to recertify their systems. Because capital costs are annualized in prior ICRs (see ICR Numbers 2152.01 and 2152.02), those annualized capital costs continue to occur in the 2009 through 2011 period. Owners and operators of Acid Rain units, non-Acid Rain units, and non-Acid Rain units in O<sub>3</sub>-only States, will incur an insignificant certification cost increase due to the air emission test body competency requirements affecting RATAs, site-specific NO<sub>x</sub> LME tests, and Appendix E tests.

*Regulatory Review.* The ICR includes an allocation of time for the managerial and technical staff to review the regulatory requirements and the reporting formats and instructions. Units not in the Acid Rain Program that were also not previously affected under the NO<sub>x</sub> SIP Call, will have a burden similar to that estimated for Acid Rain Program units in the Acid Rain Program ICR -- 24 hours of managerial time and 24 hours of technician time in year one of the program and four hours each for managerial and technician time, per year, after year one. The burden estimates for all Acid Rain units and units previously affected under the NO<sub>x</sub> SIP Call is reduced because of the similar Acid Rain and NO<sub>x</sub> SIP Call requirements. The estimates for these units are five hours of managerial time and five hours of technician time in year one and one hour each per year after year one.

*Response to Error Messages.* The Agency provides feedback to affected sources for errors that are found in monitoring plans or other reports. The Agency estimates that for each unit not affected by the Acid Rain Program, an owner or operator will spend approximately four hours of managerial time and eight hours of technician time responding to these error messages each year. (The time for the other sources is accounted for in other ICRs.)

*DAHS Debugging.* Based on experience with the Acid Rain Program, some effort will be involved to fix problems with the DAHS software used to report in the Part 75 formats. This burden is assumed to fall primarily on units that are not affected under the Acid Rain Program or previously affected under the NO<sub>x</sub> SIP Call. Consistent with the existing Part 75 ICR, the Agency estimates that about 16 managerial and 88 technician hours will be spent on this task in the first year of implementation, and then one managerial and four technician hours will be required in the second and subsequent years of implementation.

*Monitoring Plans.* The regulations require submittal of monitoring plans. Because most of the monitoring plan elements are now part of the EDR format, the effort involved in developing and maintaining the plans are incorporated into the overall reporting burden estimate.

*Monitor Certification/Recertification.* Initial certification burdens and costs for new monitoring equipment are addressed above under start-up activities since these costs are often part of the overall purchase expense for the equipment. For some non Acid Rain units, however, there will be burdens associated with certifying existing monitors used under other programs for this program, as well as burdens for recertification to the extent a change in a monitoring system requires recertification. EPA estimates that approximately ten percent of all units will have to recertify each year following the year in which the initial certification occurs. The ICR incorporates a labor burden estimate generally consistent with existing Agency models for the labor burdens associated with certification. However, note that the ICR reduces the labor hours for this activity to avoid double counting hours that are already accounted for in the quality

assurance activity area (see the following subsection). The double counting would occur because a portion of the labor incurred for the certification or recertification event replaces the labor burden that is generally allocated to the annual relative accuracy test audit (RATA) in the year in which the certification event occurs. Owners and operators of Acid Rain units, non-Acid Rain units, and non-Acid Rain units in O<sub>3</sub>-only States, will incur an insignificant certification cost increase due to the air emission test body competency requirements affecting RATAs, site-specific NO<sub>x</sub> LME tests, and Appendix E tests.

*Quality Assurance.* Quality assurance (QA) activities and other routine maintenance for monitoring systems is the largest burden item under the CAIR Trading Programs. These requirements generally include daily, quarterly, and annual QA requirements, depending on the monitoring approach being used. For reporting units that use a CEMS, the Agency has assumed a per unit labor burden based on a variety of sources, including the existing Acid Rain Program ICR, the NO<sub>x</sub> SIP Call ICR that expires at the end of 2008, information provided by Acid Rain Program sources, a CEM cost model developed by EPA, and comments submitted in response to the section 110 SIP Call for ozone transport. For units that rely on alternative methodologies, reduced labor burden estimates apply because the quality assurance activities for the excepted methods are less than for a CEMS. Consistent with the existing Acid Rain Program ICR, the labor burden is expected to be almost entirely technician labor. Owners and operators of Acid Rain units, non-Acid Rain units, and non-Acid Rain units in O<sub>3</sub>-only States, will incur an insignificant certification cost increase due to the air emission test body competency requirements affecting RATAs, site-specific NO<sub>x</sub> LME tests, and Appendix E tests.

*Quarterly Reports.* Tasks performed by utilities in preparing quarterly reports include: (1) assuring the quality of the data, (2) preparing the quarterly report, (3) revising the monitoring plan, if necessary, (4) preparation of hard copy documentation accompanying the quarterly reports, and managerial review. The existing Acid Rain program ICR was used as the basis for these estimates.

*Fuel Sampling.* To calculate heat input where the source is using the fuel flowmeter option for an oil or gas-fired unit, the source must obtain gross calorific value data from sampling in accordance with Appendix D of Part 75. For purposes of this ICR, it is assumed that the GCV data would be collected as part of standard business operating procedures to assure compliance with contractual specifications. Thus no additional fuel sampling burdens or costs should be incurred.

*(iii) Allowance transaction activities*

The Agency anticipates the average number of additional allowance transactions will be approximately 7,500 per year beginning in 2009. Since this ICR now covers the units and activities associated with the NO<sub>x</sub> SIP Call, this estimated number of transactions reflects the incremental number of transactions previously estimated for units subject to CAIR (approximately 2,500) along with the number of transactions previously accounted for under the NO<sub>x</sub> SIP Call trading program (approximately 5,000 based on 2007 allowance transaction data). A portion of all units will likely conduct transactions in each year solely as a result of this program. The Agency believes that each transaction will involve about one hour each of managerial and technician time.

## 6(b) Estimating Respondent Costs

Table 6-3 presents State and local respondent annualized hours and costs for each information collection activity. To estimate annualized hours and costs for one-time and triennial activities, the burden estimate is divided by three to estimate the burden over a three-year period. Table 6-4 summarizes the annual industry respondent costs. The following discussion describes how the costs were derived.

### (i) Estimating Labor Costs

For this ICR, the labor rate used for technical staff at State agencies is \$37.73 per hour, and the labor rate for managerial employees at State agencies is \$46.21. These labor rates include benefits and overhead. These labor rates are derived from data shown on the U. S. Department of Labor, Bureau of Labor Statistics, website at <http://stats.bls.gov/news.release/ecec.toc.htm>. Wage and salary rates are given in Employee Costs for Employee Compensation "Table 3. State and local government, by major occupation and industry group (December 2007)." The wage and salary rates from this table account for benefits provided to workers. When considering both technical and managerial hours, labor costs for State and Territorial agencies are estimated to be \$46,000 per year per respondent, and labor costs for local agencies are estimated to be \$30,000 per year per respondent for the emissions reporting requirements.

In estimating labor costs for industry respondents, EPA used the following amounts: \$83.43 per hour for managers and \$58.00 per hour for technicians. These rates reflect the rates used in the existing NO<sub>x</sub> Budget Program ICR, adjusted for inflation using the Bureau of Labor Statistics Employment Cost Index.

Federal Agency labor rates were assumed to be \$47.39 per hour. This labor rate was derived from the federal government's General Schedule dated January 2008 published by the U.S. Office of Personnel Management (see: <http://www.opm.gov/oca/08tables/pdf/gs.pdf>) using the factors in the following table.

### Determination of Federal Wage Rates

Annual Salary of Technical Staff, GS 11 Step 3		\$51,358
Annual Cost of Supervisory Staff, GS 13, step 3	\$73,201	
Factor (1/11)	0.09	
		\$6,588
Annual Cost of Support Staff, GS 6, step 6	\$34,156	
Factor (1/8)	0.13	
		\$4,440
Annual Applicable Salary of Permit Staff		\$62,386

Benefits (at 16%)		\$9,982
Sick Leave/ Vacation (at 10%)		\$6,239
General Overhead (at 32%)		\$19,964
Total Cost per FTE		\$98,571
Total Hourly Cost (total per FTE dividend divided by 2,080 hours per year)		\$47.39

(ii) *Estimating Capital and Operations and Maintenance Costs*

**Emission Reporting Requirements**

EPA has concluded that the Capital and Operations and Maintenance Costs estimated under the CERR are sufficient to accommodate the modest changes in reporting burden for CAIR. Therefore, no estimate of Capital and Operations and Maintenance Costs were made for this ICR.

**Emission Trading Requirements**

Capital/start-up costs include the cost of installing required CEMS or alternatives. Operation and maintenance costs (exclusive of labor costs) reflect ongoing costs to a unit and include both contractor costs for the required recertification, diagnostic, and quality assurance (QA) testing, and other direct maintenance-related expenses (e.g., spare parts and calibration gases). These cost estimates have been derived from EPA CEM cost models, existing ICRs, Agency staff experience under the Acid Rain and NO<sub>x</sub> SIP Call programs, and supplemental estimates provided by affected utilities and others related to the various cost items.

Most Acid Rain affected units are not expected to incur any non-labor costs associated with this program. The total non-labor cost for capital/start-up items is estimated at \$4,000 per unit for most Acid Rain units that are not in the NO<sub>x</sub> SIP Call region (to account for a DAHS upgrade to provide NO<sub>x</sub> mass reporting under Part 75, Subpart H). Most non Acid Rain units will require some combination of a NO<sub>x</sub>, diluent, SO<sub>2</sub> and/or flow CEMS depending on the fuel type, whether the unit is an LME or peaking unit, and whether the source is subject to CAIR for PM<sub>2.5</sub> and/or ozone. The costs for these units range from \$15,000 to \$192,000. The cost for an SO<sub>2</sub> analyzer has been estimated at \$42,525. The variance in unit cost is due to the monitoring methodology used and what monitoring equipment may already be in place at the unit.

Note that testing contractor costs for certification, recertification, and annual relative accuracy test audits (RATAs) are presented as other direct costs and are not converted to equivalent source labor hours. This approach is consistent with the common business practice for obtaining outside contractors to conduct certification/recertification tests and annual RATAs. For initial certification, the certification test costs are commonly bundled with equipment purchase contracts, according to information provided by a range of CEMS equipment vendors. For RATAs that are conducted either as part of the annual quality assurance requirements or as part of recertification, industry contacts have indicated that RATA testing is usually performed

under a fixed price contract basis, except for travel costs that may be billed on an hourly basis beyond the basic contract cost.

The Agency also notes that this ICR does not include a cost for the purchase of monitoring equipment for units. Many sources covered by the CAIR Trading Programs are already required to have CEMS under that program. Therefore, to the extent that no new equipment is needed by these sources, capital costs are not included because those costs were included in the Acid Rain Program ICR. Thus, the capital and other costs included in Table 6-4 represent weighted average costs for each respondent, not the total individual cost for any particular respondent.

*(iii) Capital/Start-up vs. Operating and Maintenance (O & M) Costs*

Capital costs for emissions trading reflect one-time costs for purchase of equipment which will be used over a period of years. Conversely, operating and maintenance costs are those costs which are incurred on an annual or other scheduled basis. For instance, costs associated with quality assurance activities, such as spare parts or contractor costs for work, will be incurred on an annual basis.

*(iv) Annualizing Capital Costs*

The relevant capital costs for the emissions trading portion of this ICR were annualized at a rate of seven percent (i.e., the annualized capital cost was calculated assuming money to purchase the capital equipment was borrowed at a seven percent annual interest rate). The cost of the loan was amortized over the life of the loan to repay original borrowed amount plus interest. The result is the annualized capital cost reported. The annualized cost of the necessary capital purchases varies from \$2,250 to \$22,500, per year, per unit, depending on the type of monitoring methodology. Table 6-4 contains a breakdown of annual costs by monitoring methodology.

**6(d) Estimating the Respondent Universe and Total Burden and Costs**

**Emission Reporting Requirements**

The number of respondents is estimated to be 29 States (including DC). See Table 6-1 for the total number of hours and costs estimated for each respondent.

**Emission Trading Requirements**

The number of industry respondents varies depending on the activity in question. Activities such as processing allowance transfers can involve over one thousand sources. The number of units that will be required to install a particular type of monitoring equipment will be less since many already have monitoring equipment under the Acid Rain Program. Table 6-1 provides estimates for the State burden associated with the trading program requirements. Table 6-2 provides estimates of industry burden for 2009 through 2011. The total number of respondents and the total labor and cost for all respondents are summarized in the following tables in Section 6(e) below. This burden includes monitoring, reporting, and other activities



involved in participating in the CAIR emissions trading programs. The total number of State and industry respondents is estimated to be 29 and 1,161, respectively.

### 6(e) Bottom Line Burden Hours and Cost Tables

#### Emission Reporting Requirements

##### Total Estimated Respondent Burden and Cost Summary

	Number of Respondents	Total Hours Per Year (All Respondents)	Total Costs Per Year (All Respondents)
State Respondents	29	3,480	\$132,776

#### Emission Trading Requirements

##### Total Estimated Respondent Burden and Cost Summary

	Number of Respondents	Total Hours Per Year (All Respondents)	Total Costs Per Year (All Respondents)
State Respondents	29	12,760	\$491,272
Industry Respondents	1,161	388,465	\$50,845,155

### 6(f) Reasons for Change in Burden

The burden and cost is higher than the previous CAIR ICR (2152.02) because this ICR incorporates the burden associated with all CAIR-affected sources, including those located in NO<sub>x</sub> SIP Call States. The NO<sub>x</sub> SIP Call ICR (OMB Control Number 2060-0445) expires at the end of 2008. As such, starting in 2009, the burden associated with the NO<sub>x</sub> trading program requirements under the NO<sub>x</sub> SIP Call are now covered in this ICR. Without incorporating those burdens and costs, the overall labor burden in this ICR would be less than the estimate in the prior version (2006-2008) of this ICR.

#### Emission Reporting Requirements

The net change in emission reporting burden as compared with the approved ICRs for the CERR is an increase of 120 hours (per respondent per year), which were included to account for the preparation and submittal of the 2011 triennial report. The overall burden is higher than the previous ICR since all CAIR-affected States are now covered under this ICR.

## **Emission Trading Requirements**

The large burden associated with this rule is a result of the costs of monitoring, certifying, quality assuring and reporting emissions data from large electric generating units regulated under CAIR. The burden is significantly higher than the previous ICR since the NO<sub>x</sub> Budget Program will phase-out at the end of 2008 and the affected sources in all CAIR-affected States will be covered under CAIR starting in 2009. Affected sources for which the burden was previously included in the NO<sub>x</sub> SIP Call ICR are now included in the burden estimate for this ICR. However, this burden is tempered by the integration of these monitoring and reporting requirements with those already required under the Acid Rain Program and those previously required under the NO<sub>x</sub> SIP Call trading program. Otherwise, the burden would be higher.

### **6(g) Burden Statement**

The annual public reporting and recordkeeping burden for this collection of information is estimated to average 87 hours per response. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR Part 9 and 48 CFR Chapter 15.

Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondents burden, including through the use of automated collection techniques, to the Director, OPPE Regulatory Information Division, U.S. Environmental Protection Agency (2137), 401 M St., S.W., Washington, DC 20460; and to Paperwork Reduction Project (OMB# 2060-0570), Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, Attention: Desk Officer for EPA. Please include the EPA ICR number (2152.03), the EPA Docket ID Number (EPA-HQ-OAR-2006-0947 and EPA-HQ-OAR-2008-0317) and the OMB Control Number (2060-0570) in any correspondence.

**Table 6-1  
Annual State Respondent Burden and Cost by Activity, 2009 and Subsequent Years**

Information Collection or Trading Rule Activity	Hours and Costs Per Respondent				Total Hours and Costs		
	Manager \$46.21 per hour	Technical \$37.73 per hour	Respondent Hours/ Year	Labor Cost	Number of Respondents	Total Hours/ Year	Total Cost/ Year
Annual Trading Program-related activities (e.g., monitoring certifications, audits)	40	400	440	\$16,940	29	12,760	\$491,272
Submit triennial report in 2011	6	114	120	\$4,578	29	3,480	\$132,776
<b>Total</b>	<b>46</b>	<b>514</b>	<b>560</b>	<b>\$21,518</b>	29	<b>16,240</b>	<b>\$624,048</b>

**Table 6-2  
Annual Industry Respondent Burden and Cost by Activity, 2009 and subsequent years**

Information Collection Activity				Respondent Labor Cost/Year 2009	Annual Capital		Number of Respondents 2009	Total Hours/Year 2009	Total Cost/Year 2009
	Manager \$83.43 Per Hour (2009)	Technical \$58.00 Per Hour (2009)	Respondent Hours/Year 2009		Startup Costs 2009	O&M Cost 2009			
Title V permit application (facilities)	4	0	4	\$333.72			116	464	\$38,711.52
Permit to Construct (units)	20	20	40	\$2,828.60			7	280	\$19,800.20
<b>Startup/ Capital Items</b>									
<b>~ ARP Sources in PM and O<sub>3</sub> States</b>									
a. DAHS modification (facilities)	2	4	6	\$398.86	\$600.00		410	2,460	\$409,532.60
<b>~ Non-ARP Sources in PM/O<sub>3</sub> and PM Only States</b>									
a. Solid Fuel: SO <sub>2</sub> , NO <sub>x</sub> , and Flow CEMS (units)	34	23	57	\$4,170.62	\$28,900		102	5,814	\$3,373,203.24
b. Gas-Oil: NO <sub>x</sub> CEMS and Appendix D fuel monitoring (units)	64	10	74	\$5,919.52	\$18,750.00		493	36,482	\$12,162,073.36
c. Gas-Oil Peaking Units: Appendix D fuel sampling, Appendix E, or LME methods (units)	20	10	30	\$2,248.60	\$2,250.00		150	4,500	\$674,790.00

(cont.)

**Table 6-2**  
**Annual Industry Respondent Burden and Cost by Activity, 2009 and subsequent years (cont.)**

Information Collection Activity				Respondent Labor Cost/Year 2009	Annual Capital		Number of Respondents 2009	Total Hours/Year 2009	Total Cost/Year 2009
	Manager \$83.43 Per Hour (2009)	Technical \$58.00 Per Hour (2009)	Respondent Hours/Year 2009		Startup Costs 2009	O&M Cost 2009			
<b>~ Non-ARP Sources in O<sub>3</sub> Only States</b>									
a. Solid Fuel: NO <sub>x</sub> , and Flow CEMS (units)	24	3	27	\$2,176.32	\$22,500.00		4	108	\$98,705.28
b. Gas-Oil: NO <sub>x</sub> CEMS and Appendix D fuel monitoring (units)	64	10	74	\$5,919.52	\$18,750.00		28	2,072	\$690,746.56
c. Gas-Oil Peaking Units: Appendix D fuel sampling, Appendix E, or LME methods (units)	20	10	30	\$2,248.60	\$2,250.00		0	0	\$0.00
<b>Review Instructions and Requirements</b>									
~ ARP PM and O <sub>3</sub> Sources (facilities)	1	1	2	\$141.43			908	1,816	\$128,418.44
~ Non-ARP NBP Sources in PM/O <sub>3</sub> and PM Only States (facilities)	1	1	2	\$141.43			138	276	\$19,517.34
~ Non-ARP non-NBP Sources in PM/O <sub>3</sub> and	24	24	48	\$3,394.32			104	4,992	\$353,009.28

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PM Only States (facilities)									
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(cont.)

**Table 6-2  
Annual Industry Respondent Burden and Cost by Activity, 2009 and subsequent years (cont.)**

Information Collection Activity				Respondent Labor Cost/Year 2009	Annual Capital		Number of Respondents 2009	Total Hours/Year 2009	Total Cost/Year 2009
	Manager \$83.43 Per Hour (2009)	Technical \$58.00 Per Hour (2009)	Respondent Hours/Year 2009		Startup Costs 2009	O&M Cost 2009			
<b>Review Instructions and Requirements (cont.)</b>									
~ Non-ARP NBP Sources in O <sub>3</sub> Only States (facilities)	1	1	2	\$141.43			10	20	\$1,414.30
~ Non-ARP non-NBP Sources in O <sub>3</sub> Only States (facilities)	24	24	48	\$3,394.32			1	48	\$3,394.32
<b>Respond to EPA Generated Error Messages</b>									
~ Non-ARP Sources in PM/O <sub>3</sub> and PM Only States (facilities)	4	8	12	\$797.72			242	2,904	\$193,048.24
~ Non-ARP Sources in O <sub>3</sub> Only States (facilities)	4	8	12	\$797.72			11	132	\$8,774.92
<b>Debug Computer Software</b>									
~ Non-ARP non-NBP Sources in PM/O <sub>3</sub> and	16	88	104	\$6,438.88			104	10,816	\$669,643.52

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PM Only States (facilities)									
~ Non-ARP non-NBP Sources in O <sub>3</sub> Only States (facilities)	16	88	104	\$6,438.88			1	104	\$6,438.88

(cont.)

**Table 6-2  
Annual Industry Respondent Burden and Cost by Activity, 2009 and subsequent years (cont.)**

Information Collection Activity				Respondent Labor Cost/Year 2009	Annual Capital		Number of Respondents 2009	Total Hours/Year 2009	Total Cost/Year 2009
	Manager \$83.43 Per Hour (2009)	Technical \$58.00 Per Hour (2009)	Respondent Hours/Year 2009		Startup Costs 2009	O&M Cost 2009			
<b>Debug Computer Software (cont.)</b>									
~ Non-ARP NBP Sources in PM/O <sub>3</sub> and PM Only States (facilities)	1	4	5	\$315.43			138	690	\$43,529.34
~ Non-ARP NBP Sources in O <sub>3</sub> Only States (facilities)	1	4	5	\$315.43			10	50	\$3,154.30
<b>Certify Monitors</b>									
<b>~ Non-ARP Sources in PM/O<sub>3</sub> and PM Only States</b>									
a. Solid Fuel: SO <sub>2</sub> , NO <sub>x</sub> , and Flow CEMS (units)	15	48	63	\$4,035.45		\$2,800	10	630	\$68,354.50
b. Gas-Oil: NO <sub>x</sub> CEMS	10	32	42	\$2,690.30		\$2,800	49	2,058	\$269,024.70

and Appendix D fuel monitoring (units)									
c. Gas-Oil Peaking Units: Appendix D fuel sampling, Appendix E, or LME methods (units)	8	24	32	\$2,059.44		\$10,000	15	480	\$180,891.60

(cont.)

**Table 6-2  
Annual Industry Respondent Burden and Cost by Activity, 2009 and subsequent years (cont.)**

Information Collection Activity				Respondent Labor Cost/Year 2009	Annual Capital		Number of Respondents 2009	Total Hours/Year 2009	Total Cost/Year 2009
	Manager \$83.43 Per Hour (2009)	Technical \$58.00 Per Hour (2009)	Respondent Hours/Year 2009		Startup Costs 2009	O&M Cost 2009			
<b>Certify Monitors (cont.)</b>									
<b>~ Non-ARP Sources in O<sub>3</sub> Only States</b>									
a. Solid Fuel: NO <sub>x</sub> , and Flow CEMS (units)	10	32	42	\$2,690.30		\$2,800	1	42	\$5,490.30
b. Gas-Oil: NO <sub>x</sub> CEMS and Appendix D fuel monitoring (units)	10	32	42	\$2,690.30		10	3	126	\$8,100.90
c. Gas-Oil Peaking Units: Appendix D fuel sampling, Appendix E, or LME methods (units)	8	24	32	\$2,059.44		8	0	0	\$0.00
<b>Perform QA Testing and Maintenance</b>									

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~ Non-ARP Sources in PM/O <sub>3</sub> and PM Only States									
a. Solid Fuel: SO <sub>2</sub> , NO <sub>x</sub> , and Flow CEMS (units)	50	600	650	\$38,971.50		31,200	102	66,300	\$7,157,493.00
b. Gas-Oil: NO <sub>x</sub> CEMS and Appendix D fuel monitoring (units)	20	375	395	\$23,418.60		\$17,400	493	194,735	\$20,123,569.80

(cont.)

**Table 6-2  
Annual Industry Respondent Burden and Cost by Activity, 2009 and subsequent years (cont.)**

Information Collection Activity				Respondent Labor Cost/Year 2009	Annual Capital		Number of Respondents 2009	Total Hours/Year 2009	Total Cost/Year 2009
	Manager \$83.43 Per Hour (2009)	Technical \$58.00 Per Hour (2009)	Respondent Hours/Year 2009		Startup Costs 2009	O&M Cost 2009			
<b>Perform QA Testing and Maintenance (cont.)</b>									
c. Gas-Oil Peaking Units: Appendix D fuel sampling, Appendix E, or LME methods (units)	5	30	35	\$2,157.15		\$1,800	150	5,250	\$593,572.50
~ Non-ARP Sources in O <sub>3</sub> Only States									
a. Solid Fuel: NO <sub>x</sub> , and Flow CEMS (units)	40	400	440	\$26,537.20		\$20,800	4	1,760	\$189,348.80
b. Gas-Oil: NO <sub>x</sub> CEMS and Appendix D fuel monitoring (units)	20	375	395	\$23,418.60		\$17,400	28	11,060	\$1,142,920.80
c. Gas-Oil Peaking	5	30	35	\$2,157.15		\$1,800	0	0	\$0.00

Units: Appendix D fuel sampling, Appendix E, or LME methods (units)									
<b>Assure Data Quality, Prepare Reports, Submit Reports</b>									
~ Non-ARP Sources in PM/O <sub>3</sub> and PM Only States (facilities)	16	42	58	\$3,770.88			242	14,036	\$912,552.96

(cont.)

**Table 6-2  
Annual Industry Respondent Burden and Cost by Activity, 2009 and subsequent years (cont.)**

Information Collection Activity				Respondent Labor Cost/Year 2009	Annual Capital		Number of Respondents 2009	Total Hours/Year 2009	Total Cost/Year 2009
	Manager \$83.43 Per Hour (2009)	Technical \$58.00 Per Hour (2009)	Respondent Hours/Year 2009		Startup Costs 2009	O&M Cost 2009			
<b>Assure Data Quality, Prepare Reports, Submit Reports (cont.)</b>									
~ Non-ARP Sources in O <sub>3</sub> Only States (facilities)	16	42	58	\$3,770.88			11	638	\$41,479.68
~ Year end compliance activities (facilities)	2	0	2	\$166.86			1,161	2,322	\$193,724.46
~ Allowance Transfers	1	1	2	\$141.43			7,500	15,000	\$1,060,725.00
<b>TOTAL</b>								<b>388,465</b>	<b>\$50,845,155</b>