

**FACT SHEET**  
**Final Rule:**  
**Revised Cross-State Air Pollution Rule Update**  
**for the 2008 Ozone NAAQS**

**Recall of CSAPR NO<sub>x</sub> Ozone Season Group 2 Allowances from Sources in States Transitioning to the New CSAPR NO<sub>x</sub> Ozone Season Group 3 Trading Program**

Both the 2016 CSAPR Update and the 2021 Revised CSAPR Update address states' obligations under the Clean Air Act's good neighbor provision with regard to the 2008 ozone National Ambient Air Quality Standards (NAAQS). The CSAPR Update established budgets for emissions of nitrogen oxides (NO<sub>x</sub>) from electricity generating units in 22 states during the May-September ozone season, implemented through requirements for the sources to participate in the CSAPR NO<sub>x</sub> Ozone Season Group 2 Trading Program starting in 2017. The Revised CSAPR Update establishes more stringent NO<sub>x</sub> emission budgets for sources in 12 of the states,<sup>1</sup> implemented through requirements for these sources to instead participate in the new CSAPR NO<sub>x</sub> Ozone Season Group 3 Trading Program starting in 2021. Sources in the remaining 10 states will continue to participate in the Group 2 trading program.

Although Group 3 sources will not participate in the Group 2 trading program with regard to emissions occurring after 2020, allowances created for use in that trading program ("Group 2 allowances") for emissions occurring in 2021 through 2024 have already been recorded in Group 3 sources' compliance accounts. In order to ensure achievement of the emission reductions found to be necessary in the CSAPR Update for the remaining 10 states, EPA is recalling Group 2 allowances equivalent in quantity and usability to the vintage 2021-2024 Group 2 allowances recorded in Group 3 sources' accounts. The recall applies to all Group 3 sources in whose accounts vintage 2021-2024 Group 2 allowances were recorded, including sources that may have already sold the Group 2 allowances or retired.

The main elements of the recall provisions are summarized below:<sup>2</sup>

- For each vintage 2021, 2022, 2023, or 2024 Group 2 allowance initially recorded in a Group 3 source's compliance account, the owners and operators of the source must surrender one Group 2 allowance of the same or an earlier vintage. For example, the surrender requirement corresponding to a vintage 2021 Group 2 allowance may be satisfied through the surrender of any vintage 2017-2021 Group 2 allowance.
- EPA will make a first attempt to deduct Group 2 allowances from Group 3 sources' compliance accounts to address the surrender requirements on or about July 14, 2021,

---

<sup>1</sup> The 12 "Group 3 states" are Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, Virginia, and West Virginia.

<sup>2</sup> For a more complete description of the recall provisions, refer to section VII.C.4.d of the preamble for the final Revised CSAPR Update. For the official regulatory text, refer to 40 CFR 97.811(d).

and will make a second attempt on or about September 15, 2021.<sup>3</sup> Before each attempt, EPA will notify the designated representative for each Group 3 source regarding the quantities and vintages of Group 2 allowances that must be held to meet the source's surrender requirements.

- If a Group 3 source's owners and operators do not hold sufficient Group 2 allowances of appropriate vintages in the appropriate account as of the first deduction attempt, EPA will delay recordation of any CSAPR NO<sub>x</sub> Ozone Season Group 3 allowances that otherwise would have been recorded in the source's compliance account until after the source's surrender requirements have been fully satisfied.
- If a Group 3 source's owners and operators do not hold sufficient Group 2 allowances of appropriate vintages in the appropriate account as of the second deduction attempt, EPA will deduct any vintage 2021-2024 Group 2 allowances that were initially recorded in the source's compliance account from any other account where the allowances are held, except allowances that as of January 31, 2021 were held in accounts with accountholders fully independent of the source's owners and operators. Before deducting any allowances under this provision, EPA will notify the authorized account representative for the account in which the allowances are held.
- Any failure of the owners and operators of a Group 3 source to hold sufficient Group 2 allowances of appropriate vintages to fully satisfy the source's surrender requirements as described above is subject to potential enforcement as a violation of the Clean Air Act.

EPA has posted information on the Revised CSAPR Update web site (<https://www.epa.gov/csapr/revised-cross-state-air-pollution-rule-update>) and in the associated docket to assist Group 3 sources in understanding their obligations under the recall provisions and to ensure that all allowance market participants have access to complete information on any vintage 2021-2024 Group 2 allowances that may be subject to surrender to satisfy a Group 3 source's surrender requirements from an account other than the source's compliance account. The information consists of two lists:

- A list of Group 3 sources that received allocations of vintage 2021-2024 Group 2 allowances and the quantities of vintage 2021, 2022, 2023, and 2024 Group 2 allowances initially recorded in each listed source's compliance account. EPA intends to update this list after each deduction attempt described above to indicate any remaining unsatisfied portion of the source's surrender requirements.
- A list of vintage 2021-2024 Group 2 allowances initially recorded in Group 3 sources' compliance accounts, batched by serial number, indicating whether as of January 31, 2021 the allowances were held in the Group 3 source's compliance account in which they were initially recorded, in a different account with accountholders at least partially

---

<sup>3</sup> In rare cases, responsibility to comply with some or all of the surrender requirements for a particular Group 3 source may rest with the source's former owners and operators instead of the source's current owners and operators. In such a case, the former owners and operators would be allowed to surrender Group 2 allowances from a general account instead of the source's compliance account. Refer to 40 CFR 97.811(d)(2)(ii) and (d)(3)(iv).

related to the source's owners and operators, or in an account with accountholders fully independent of the source's owners and operators. EPA intends to update this list after each deduction attempt described above to indicate any vintage 2021-2024 Group 2 allowances that may still be subject to surrender to satisfy a Group 3 source's surrender requirements from an account other than the source's compliance account.

For questions concerning the recall provisions, please contact Garrett Powers at 202-564-2300 or [powers.jamesg@epa.gov](mailto:powers.jamesg@epa.gov).