

3745-109-14 **CAIR SO2 opt-in units.**

[Comment: For dates of non-regulatory government publications, publications of recognized organizations and associations, federal rules, and federal statutory provisions referenced in this rule, see paragraph (H) of rule 3745-109-01 of the Administrative Code titled "Incorporation by Reference."]

(A) Opt-in unit applicability.

A CAIR SO2 opt-in unit must be a unit that:

- (1) Is located in the state;
- (2) Is not a CAIR SO2 unit under paragraph (C) of rule 3745-109-01 of the Administrative Code and is not covered by a retired unit exemption under paragraph (D) of rule 3745-109-01 of the Administrative Code that is in effect;
- (3) Is not covered by a retired unit exemption under 40 CFR 72.8 that is in effect and is not an opt-in source under 40 CFR Part 74;
- (4) Has or is required or qualified to have a Title V operating permit or other federally enforceable permit; and
- (5) Vents all of its emissions to a stack and can meet the monitoring, record keeping, and reporting requirements of rule 3745-109-13 of the Administrative Code.

(B) General.

- (1) Except as otherwise provided in paragraphs (A), (B), (C), (E), (F) and (G) of rule 3745-109-01 of the Administrative Code, rules 3745-109-09, 3745-109-10, 3745-109-11, and 3745-109-13 of the Administrative Code, a CAIR SO2 opt-in unit shall be treated as a CAIR SO2 unit for purposes of applying such paragraphs and rules.
- (2) Solely for purposes of applying, as provided in this rule, the requirements of rule 3745-109-13 of the Administrative Code shall apply to a unit for which a CAIR opt-in permit application is submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under this rule, such unit shall be treated as a CAIR SO2 unit before issuance of a CAIR opt-in permit for such unit.

(C) Designated representative.

Any CAIR SO2 opt-in unit, and any unit for which a CAIR opt-in permit application is submitted and not withdrawn and a CAIR opt-in permit is not yet issued or denied under this rule, located at the same source as one or more CAIR SO2 units shall have

the same CAIR designated representative and alternate CAIR designated representative as such CAIR SO₂ units.

(D) Applying for CAIR opt-in permit.

- (1) The CAIR designated representative of a unit meeting the requirements for a CAIR SO₂ opt-in unit in paragraph (A) of this rule may apply for an initial CAIR opt-in permit at any time, except as provided under paragraphs (G)(6) and (G)(7) of this rule, and, in order to apply, must submit the following:
 - (a) A complete CAIR permit application under paragraph (C) of rule 3745-109-10 of the Administrative Code;
 - (b) A certification, in a format specified by the director, that the unit:
 - (i) Is not a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code and is not covered by a retired unit exemption under paragraph (D) of rule 3745-109-01 of the Administrative Code that is in effect;
 - (ii) Is not covered by a retired unit exemption under 40 CFR 72.8 that is in effect;
 - (iii) Is not and, so long as the unit is a CAIR SO₂ opt-in unit, shall not become, an opt-in source under 40 CFR Part 74;
 - (iv) Vents all of its emissions to a stack; and
 - (v) Has documented heat input for more than eight hundred seventy-six hours during the six months immediately preceding submission of the CAIR permit application under paragraph (C) of rule 3745-109-10 of the Administrative Code;
 - (c) A monitoring plan in accordance with rule 3745-109-13 of the Administrative Code;
 - (d) A complete certificate of representation under paragraph (D) of rule 3745-109-09 of the Administrative Code consistent with paragraph (C) of this rule, if no CAIR designated representative has been previously designated for the source that includes the unit; and
 - (e) A statement, in a format specified by the director, whether the CAIR designated representative requests that the unit be allocated CAIR SO₂ allowances under paragraph (I)(2) or (I)(3) of this rule (subject to the conditions in paragraphs (E)(8) and (G)(7) of this rule). If allocation under paragraph (I)(3) of this rule is requested, this statement shall include a

statement that the owners and operators of the unit intend to repower the unit before January 1, 2015 and that they will provide, upon request, documentation demonstrating such intent.

(2) Duty to reapply.

- (a) The CAIR designated representative of a CAIR SO₂ opt-in unit shall submit a complete CAIR permit application under paragraph (C) of rule 3745-109-10 of the Administrative Code to renew the CAIR opt-in unit permit in accordance with the director's regulations for Title V operating permits, or the director's regulations for other federally enforceable permits if applicable, addressing permit renewal.
- (b) Unless the permitting authority issues a notification of acceptance of withdrawal of the CAIR SO₂ opt-in unit from the CAIR SO₂ trading program in accordance with paragraph (G) of this rule or the unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code, the CAIR SO₂ opt-in unit shall remain subject to the requirements for a CAIR SO₂ opt-in unit, even if the CAIR designated representative for the CAIR SO₂ opt-in unit fails to submit a CAIR permit application that is required for renewal of the CAIR opt-in permit under paragraph (D)(2)(a) of this rule.

(E) Opt-in process.

The director shall issue or deny a CAIR opt-in permit for a unit for which an initial application for a CAIR opt-in permit under paragraph (D) of this rule is submitted in accordance with the following:

- (1) Interim review of monitoring plan. The director and the administrator shall determine, on an interim basis, the sufficiency of the monitoring plan accompanying the initial application for a CAIR opt-in permit under paragraph (D) of this rule. A monitoring plan is sufficient, for purposes of interim review, if the plan appears to contain information demonstrating that the SO₂ emissions rate and heat input of the unit and all other applicable parameters are monitored and reported in accordance with rule 3745-109-13 of the Administrative Code. A determination of sufficiency shall not be construed as acceptance or approval of the monitoring plan.
- (2) Monitoring and reporting.
 - (a) If the director and the administrator determine that the monitoring plan is sufficient under paragraph (E)(1) of this rule, the owner or operator shall monitor and report the SO₂ emissions rate and the heat input of the unit and all other applicable parameters, in accordance with rule 3745-109-13 of the Administrative Code, starting on the date of certification of the appropriate

monitoring systems under rule 3745-109-13 of the Administrative Code and continuing until a CAIR opt-in permit is denied under paragraph (E)(6) of this rule or, if a CAIR opt-in permit is issued, the date and time when the unit is withdrawn from the CAIR SO₂ trading program in accordance with paragraph (G) of this rule.

- (b) The monitoring and reporting under paragraph (E)(2)(a) of this rule shall include the entire control period immediately before the date on which the unit enters the CAIR SO₂ trading program under paragraph (E)(7) of this rule, during which period monitoring system availability must not be less than ninety per cent under rule 3745-109-13 of the Administrative Code and the unit must be in full compliance with any applicable state or federal emissions or emissions-related requirements.
 - (c) To the extent the SO₂ emissions rate and the heat input of the unit are monitored and reported in accordance with rule 3745-109-13 of the Administrative Code for one or more control periods, in addition to the control period under paragraph (E)(2)(b) of this rule, during which control periods monitoring system availability is not less than ninety per cent under rule 3745-109-13 of the Administrative Code and the unit is in full compliance with any applicable state or federal emissions or emissions-related requirements and which control periods begin not more than three years before the unit enters the CAIR SO₂ trading program under paragraph (E)(7) of this rule, such information shall be used as provided in paragraphs (E)(3) and (E)(4) of this rule.
- (3) The unit's baseline heat input shall equal:
- (a) If the unit's SO₂ emissions rate and heat input are monitored and reported for only one control period, in accordance with paragraph (E)(2)(a) of this rule, the unit's total heat input (in mmBtu) for the control period; or
 - (b) If the unit's SO₂ emissions rate and heat input are monitored and reported for more than one control period, in accordance with paragraphs (E)(2)(a), (E)(2)(b) and (E)(2)(c) of this rule, the average of the amounts of the unit's total heat input (in mmBtu) for the control periods under paragraphs (E)(2)(b) and (E)(2)(c) of this rule.
- (4) The unit's baseline SO₂ emission rate shall equal:
- (a) If the unit's SO₂ emissions rate and heat input are monitored and reported for only one control period, in accordance with paragraph (E)(2)(a) of this rule, the unit's SO₂ emissions rate (in pounds per mmBtu) for the control period;
 - (b) If the unit's SO₂ emissions rate and heat input are monitored and reported for more than one control period, in accordance with paragraphs (E)(2)(b) and

(E)(2)(c) of this rule, and the unit does not have add-on SO₂ emission controls during any such control periods, the average of the amounts of the unit's SO₂ emissions rate (in pounds per mmBtu) for the control periods under paragraphs (E)(2)(b) and (E)(2)(c) of this rule; or

- (c) If the unit's SO₂ emissions rate and heat input are monitored and reported for more than one control period, in accordance with paragraphs (E)(2)(a) and (E)(2)(b) of this rule, and the unit has add-on SO₂ emission controls during any such control periods, the average of the amounts of the unit's SO₂ emissions rate (in pounds per mmBtu) for such control periods during which the unit has add-on SO₂ emission controls.
- (5) Issuance of CAIR opt-in permit. After calculating the baseline heat input and the baseline SO₂ emissions rate for the unit under paragraphs (E)(3) and (E)(4) of this rule and if the director determines that the CAIR designated representative shows that the unit meets the requirements for a CAIR SO₂ opt-in unit in paragraph (A) of this rule and meets the elements certified in paragraph (D)(1)(b) of this rule, the director shall issue a CAIR opt-in permit. The director shall provide a copy of the CAIR opt-in permit to the administrator, who shall then establish a compliance account for the source that includes the CAIR SO₂ opt-in unit unless the source already has a compliance account.
- (6) Issuance of denial of CAIR opt-in permit. Notwithstanding paragraphs (E)(1) to (E)(5) of this rule, if at any time before issuance of a CAIR opt-in permit for the unit, the director determines that the CAIR designated representative fails to show that the unit meets the requirements for a CAIR SO₂ opt-in unit in paragraph (A) of this rule or meets the elements certified in paragraph (D)(1)(b) of this rule, the director shall issue a denial of a CAIR opt-in permit for the unit.
- (7) Date of entry into CAIR SO₂ trading program. A unit for which an initial CAIR opt-in permit is issued by the director shall become a CAIR SO₂ opt-in unit, and a CAIR SO₂ unit, as of the later of January 1, 2010 or January first of the first control period during which such CAIR opt-in permit is issued.
- (8) Repowered CAIR SO₂ opt-in unit.
 - (a) If a CAIR designated representative requests, and the director issues a CAIR opt-in permit providing for, allocation to a CAIR SO₂ opt-in unit of CAIR SO₂ allowances under paragraph (I)(3) of this rule and such unit is repowered after its date of entry into the CAIR SO₂ trading program under paragraph (E)(7) of this rule, the repowered unit shall be treated as a CAIR SO₂ opt-in unit replacing the original CAIR SO₂ opt-in unit, as of the date of start-up of the repowered unit's combustion chamber.
 - (b) Notwithstanding paragraphs (E)(3) and (E)(4) of this rule, as of the date of start-up under paragraph (E)(8)(a) of this rule, the repowered unit shall be

deemed to have the same date of commencement of operation, date of commencement of commercial operation, baseline heat input, and baseline SO₂ emission rate as the original CAIR SO₂ opt-in unit, and the original CAIR SO₂ opt-in unit shall no longer be treated as a CAIR SO₂ opt-in unit or a CAIR SO₂ unit.

(F) CAIR opt-in permit contents.

(1) Each CAIR opt-in permit shall contain:

- (a) All elements required for a complete CAIR permit application under paragraph (C) of rule 3745-109-10 of the Administrative Code;
 - (b) The certification in paragraph (D)(1)(b) of this rule;
 - (c) The unit's baseline heat input under paragraph (E)(3) of this rule;
 - (d) The unit's baseline SO₂ emission rate under paragraph (E)(4) of this rule;
 - (e) A statement whether the unit is to be allocated CAIR SO₂ allowances under paragraph (I)(2) or (I)(3) of this rule (subject to the conditions in paragraphs (E)(8) and (G)(7) of this rule);
 - (f) A statement that the unit may withdraw from the CAIR SO₂ trading program only in accordance with paragraph (G) of this rule; and
 - (g) A statement that the unit is subject to, and the owners and operators of the unit must comply with, the requirements of paragraph (H) of this rule.
- (2) Each CAIR opt-in permit is deemed to incorporate automatically the definitions of terms under paragraph (B) of rule 3745-109-01 of the Administrative Code and, upon recordation by the administrator under rule 3745-109-11 or 3745-109-12 of the Administrative Code or this rule, every allocation, transfer, or deduction of CAIR SO₂ allowances to or from the compliance account of the source that includes a CAIR SO₂ opt-in unit covered by the CAIR opt-in permit.
- (3) The CAIR opt-in permit shall be included, in a format specified by the permitting authority, in the CAIR permit for the source where the CAIR SO₂ opt-in unit is located and in a title V operating permit or other federally enforceable permit for the source.

(G) Withdrawal from CAIR SO₂ trading program.

Except as provided under paragraph (G)(7) of this rule, a CAIR SO₂ opt-in unit may withdraw from the CAIR SO₂ trading program, but only if the director issues a notification to the CAIR designated representative of the CAIR SO₂ opt-in unit of

the acceptance of the withdrawal of the CAIR SO₂ opt-in unit in accordance with paragraph (G)(4) of this rule.

- (1) Requesting withdrawal. In order to withdraw a CAIR SO₂ opt-in unit from the CAIR SO₂ trading program, the CAIR designated representative of the CAIR SO₂ opt-in unit shall submit to the director a request to withdraw effective as of midnight of December thirty-first of a specified calendar year, which date must be at least four years after December thirty-first of the year of entry into the CAIR SO₂ trading program under paragraph (E)(7) of this rule. The request must be submitted no later than ninety days before the requested effective date of withdrawal.
- (2) Conditions for withdrawal. Before a CAIR SO₂ opt-in unit covered by a request under paragraph (G)(1) of this rule may withdraw from the CAIR SO₂ trading program and the CAIR opt-in permit may be terminated under paragraph (G)(5) of this rule, the following conditions must be met:
 - (a) For the control period ending on the date on which the withdrawal is to be effective, the source that includes the CAIR SO₂ opt-in unit must meet the requirement to hold CAIR SO₂ allowances under paragraph (E)(3) of rule 3745-109-01 of the Administrative Code and cannot have any excess emissions.
 - (b) After the requirement for withdrawal under paragraph (G)(2)(a) of this rule is met, the administrator shall deduct from the compliance account of the source that includes the CAIR SO₂ opt-in unit CAIR SO₂ allowances equal in amount to and allocated for the same or a prior control period as any CAIR SO₂ allowances allocated to the CAIR SO₂ opt-in unit under paragraph (I) of this rule for any control period for which the withdrawal is to be effective. If there are no remaining CAIR SO₂ units at the source, the administrator shall close the compliance account, and the owners and operators of the CAIR SO₂ opt-in unit may submit a CAIR SO₂ allowance transfer for any remaining CAIR SO₂ allowances to another CAIR SO₂ allowance tracking system in accordance with rule 3745-109-12 of the Administrative Code.
- (3) Notification.
 - (a) After the requirements for withdrawal under paragraphs (G)(1) and (G)(2) of this rule are met (including deduction of the full amount of CAIR SO₂ allowances required), the director shall issue a notification to the CAIR designated representative of the CAIR SO₂ opt-in unit of the acceptance of the withdrawal of the CAIR SO₂ opt-in unit as of midnight on December thirty-first of the calendar year for which the withdrawal was requested.

- (b) If the requirements for withdrawal under paragraphs (G)(1) and (G)(2) of this rule are not met, the director shall issue a notification to the CAIR designated representative of the CAIR SO₂ opt-in unit that the CAIR SO₂ opt-in unit's request to withdraw is denied. Such CAIR SO₂ opt-in unit shall continue to be a CAIR SO₂ opt-in unit.
 - (4) Permit amendment. After the director issues a notification under paragraph (G)(3)(a) of this rule that the requirements for withdrawal have been met, the director shall revise the CAIR permit covering the CAIR SO₂ opt-in unit to terminate the CAIR opt-in permit for such unit as of the effective date specified under paragraph (G)(3)(a) of this rule. The unit shall continue to be a CAIR SO₂ opt-in unit until the effective date of the termination and shall comply with all requirements under the CAIR SO₂ trading program concerning any control periods for which the unit is a CAIR SO₂ opt-in unit, even if such requirements arise or must be complied with after the withdrawal takes effect.
 - (5) Reapplication upon failure to meet conditions of withdrawal. If the director denies the CAIR SO₂ opt-in unit's request to withdraw, the CAIR designated representative may submit another request to withdraw in accordance with paragraphs (G)(1) and (G)(2) of this rule.
 - (6) Ability to reapply to the CAIR SO₂ trading program. Once a CAIR SO₂ opt-in unit withdraws from the CAIR SO₂ trading program and its CAIR opt-in permit is terminated under this rule, the CAIR designated representative may not submit another application for a CAIR opt-in permit under paragraph (D) of this rule for such CAIR SO₂ opt-in unit before the date that is four years after the date on which the withdrawal became effective. Such new application for a CAIR opt-in permit shall be treated as an initial application for a CAIR opt-in permit under paragraph (E) of this rule.
 - (7) Inability to withdraw. Notwithstanding paragraphs (G)(1) to (G)(6) of this rule, a CAIR SO₂ opt-in unit shall not be eligible to withdraw from the CAIR SO₂ trading program if the CAIR designated representative of the CAIR SO₂ opt-in unit requests, and the director issues a CAIR opt-in permit providing for, allocation to the CAIR SO₂ opt-in unit of CAIR SO₂ allowances under paragraph (I)(3) of this rule.
- (H) Change in regulatory status.
- (1) Notification. If a CAIR SO₂ opt-in unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code, then the CAIR designated representative shall notify in writing the director and the administrator of such change in the CAIR SO₂ opt-in unit's regulatory status, within thirty days of such change.
 - (2) Director's and administrator's actions.

- (a) If a CAIR SO₂ opt-in unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code, the director shall revise the CAIR SO₂ opt-in unit's CAIR opt-in permit to meet the requirements of a CAIR permit under paragraph (D) of rule 3745-109-10 of the Administrative Code, and remove the CAIR opt-in unit provisions, as of the date on which the CAIR SO₂ opt-in unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code.
- (b) Compliance deductions.
 - (i) The administrator shall deduct from the compliance account of the source that includes a CAIR SO₂ opt-in unit that becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code, CAIR SO₂ allowances equal in amount to and allocated for the same or a prior control period as:
 - (a) Any CAIR SO₂ allowances allocated to the CAIR SO₂ opt-in unit under paragraph (I) of rule 3745-109-14 of the Administrative Code for any control period after the date on which the CAIR SO₂ opt-in unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code; and
 - (b) If the date on which the CAIR SO₂ opt-in unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code is not December thirty-first, the CAIR SO₂ allowances allocated to the CAIR SO₂ opt-in unit under paragraph (I) of this rule for the control period that includes the date on which the CAIR SO₂ opt-in unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code, multiplied by the ratio of the number of days, in the control period, starting with the date on which the CAIR SO₂ opt-in unit becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code divided by the total number of days in the control period and rounded to the nearest whole allowance as appropriate.
 - (ii) The CAIR designated representative shall ensure that the compliance account of the source that includes the CAIR SO₂ opt-in unit that becomes a CAIR SO₂ unit under paragraph (C) of rule 3745-109-01 of the Administrative Code contains the CAIR SO₂ allowances necessary for completion of the deduction under paragraph (H)(2)(b)(i) of this rule.

(I) CAIR SO₂ allowance allocations to CAIR SO₂ opt-in units.

- (1) Timing requirements.
 - (a) When the CAIR opt-in permit is issued under paragraph (E)(5) of this rule, the director shall allocate CAIR SO₂ allowances to the CAIR SO₂ opt-in unit, and submit to the administrator the allocation for the control period in which a CAIR SO₂ opt-in unit enters the CAIR SO₂ trading program under paragraph (E)(7) of this rule, in accordance with paragraph (I)(2) or (I)(3) of this rule.
 - (b) By no later than October thirty-first of the control period after the control period in which a CAIR SO₂ opt-in unit enters the CAIR SO₂ trading program under paragraph (E)(7) of this rule, and October thirty-first of each year thereafter, the director shall allocate CAIR SO₂ allowances to the CAIR SO₂ opt-in unit, and submit to the administrator the allocation for the control period that includes such submission deadline and in which the unit is a CAIR SO₂ opt-in unit, in accordance with paragraph (I)(2) or (I)(3) of this rule.
- (2) Calculation of allocation. For each control period for which a CAIR SO₂ opt-in unit is to be allocated CAIR SO₂ allowances, the director shall allocate in accordance with the following procedures:
 - (a) The heat input (in mmBtu) used for calculating the CAIR SO₂ allowance allocation shall be the lesser of:
 - (i) The CAIR SO₂ opt-in unit's baseline heat input determined under paragraph (E)(3) of this rule; or
 - (ii) The CAIR SO₂ opt-in unit's heat input, as determined in accordance with rule 3745-109-13 of the Administrative Code, for immediately prior control period, except when the allocation is being calculated for the control period in which the CAIR SO₂ opt-in unit enters the CAIR SO₂ trading program under paragraph (E)(7) of this rule.
 - (b) The SO₂ emission rate (in pounds per mmBtu) used for calculating CAIR SO₂ allowance allocations shall be the lesser of:
 - (i) The CAIR SO₂ opt-in unit's baseline SO₂ emissions rate (in pounds per mmBtu) determined under paragraph (E)(4) of this rule and multiplied by seventy per cent; or
 - (ii) The most stringent state or federal SO₂ emissions limitation applicable to the CAIR SO₂ opt-in unit at any time during the control period for which CAIR SO₂ allowances are to be allocated.

- (c) The director shall allocate CAIR SO₂ allowances to the CAIR SO₂ opt-in unit with a tonnage equivalent equal to, or less than by the smallest possible amount, the heat input under paragraph (I)(2)(a) of this rule, multiplied by the SO₂ emission rate under paragraph (I)(2)(b) of this rule, and divided by two thousand pounds per ton.
- (3) Notwithstanding paragraph (I)(2) of this rule and if the CAIR designated representative requests, and the director issues a CAIR opt-in permit (based on a demonstration of the intent to repower stated under paragraph (D)(1)(e) of this rule) providing for, allocation to a CAIR SO₂ opt-in unit of CAIR SO₂ allowances under this rule (subject to the conditions in paragraphs (E)(8) and (G)(7) of this rule), the director shall allocate to the CAIR SO₂ opt-in unit as follows:
- (a) For each control period in 2010 to 2014 for which the CAIR SO₂ opt-in unit is to be allocated CAIR SO₂ allowances;
 - (i) The heat input (in mmBtu) used for calculating CAIR SO₂ allowance allocations shall be determined as described in paragraph (I)(2)(a) of this rule;
 - (ii) The SO₂ emission rate (in pounds per mmBtu) used for calculating CAIR SO₂ allowance allocations shall be the lesser of:
 - (a) The CAIR SO₂ opt-in unit's baseline SO₂ emissions rate (in pounds per mmBtu) determined under paragraph (E)(4) of this rule; or
 - (b) The most stringent state or federal SO₂ emissions limitation applicable to the CAIR SO₂ opt-in unit at any time during the control period in which the CAIR SO₂ opt-in unit enters the CAIR SO₂ trading program under paragraph (E)(7) of this rule;
 - (iii) The director shall allocate CAIR SO₂ allowances to the CAIR SO₂ opt-in unit with a tonnage equivalent equal to, or less than by the smallest possible amount, the heat input under paragraph (I)(3)(a)(i) of this rule, multiplied by the SO₂ emission rate under paragraph (I)(3)(a)(ii) of this rule, and divided by two thousand pounds per ton.
 - (b) For each control period in 2015 and thereafter for which the CAIR SO₂ opt-in unit is to be allocated CAIR SO₂ allowances;
 - (i) The heat input (in mmBtu) used for calculating the CAIR SO₂ allowance allocations shall be determined as described in paragraph (I)(2)(a) of this rule;

- (ii) The SO₂ emission rate (in pounds per mmBtu) used for calculating the CAIR SO₂ allowance allocation shall be the lesser of:
 - (a) The CAIR SO₂ opt-in unit's baseline SO₂ emissions rate (in pounds per mmBtu) determined under paragraph (E)(4) of this rule multiplied by ten per cent; or
 - (b) The most stringent state or federal SO₂ emissions limitation applicable to the CAIR SO₂ opt-in unit at any time during the control period for which CAIR SO₂ allowances are to be allocated;
- (iii) The director shall allocate CAIR SO₂ allowances to the CAIR SO₂ opt-in unit with a tonnage equivalent equal to, or less than by the smallest possible amount, the heat input under paragraph (I)(3)(b)(i) of this rule, multiplied by the SO₂ emission rate under paragraph (I)(3)(b)(ii) of this rule, and divided by two thousand pounds per ton.

(4) Recordation.

- (a) The administrator shall record, in the compliance account of the source that includes the CAIR SO₂ opt-in unit, the CAIR SO₂ allowances allocated by the director to the CAIR SO₂ opt-in unit under paragraph (I)(1)(a) of this rule.
- (b) By December first, after the control period in which a CAIR SO₂ opt-in unit enters the CAIR SO₂ trading program under paragraph (E)(7) of this rule, and December first of each year thereafter, the administrator shall record, in the compliance account of the source that includes the CAIR SO₂ opt-in unit, the CAIR SO₂ allowances allocated by the director to the CAIR SO₂ opt-in unit under paragraph (I)(1)(b) of this rule.

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