



ENVIRONMENTAL PROTECTION AGENCY

[FRL-11423-02-OAR]

Acid Rain Program: Excess Emissions Penalty Inflation Adjustments

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of annual adjustment factors.

SUMMARY: The Acid Rain Program requires sources that do not meet their annual Acid Rain emissions limitations for sulfur dioxide (SO₂) or nitrogen oxides (NO_x) to pay inflation-adjusted excess emissions penalties. This document provides notice of the annual adjustment factors used to calculate excess emissions penalties for compliance years 2025 and 2026.

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SUPPLEMENTARY INFORMATION: The Acid Rain Program limits SO₂ and NO_x emissions from fossil fuel-fired electricity generating units. All affected sources must hold allowances sufficient to cover their annual SO₂ mass emissions, and certain coal-fired units must meet annual average NO_x emission rate limits. Under 40 CFR 77.6, any source that does not meet these requirements must pay an excess emissions penalty without demand to the EPA Administrator. The automatic penalty is computed as the number of excess tons of SO₂ or NO_x emitted times a per-ton penalty amount of \$2,000 times an annual adjustment factor, which must be published in the **Federal Register**.

The annual adjustment factor used to compute excess emissions penalties for compliance year 2025 is 2.5265, resulting in an automatic penalty amount of \$5,053 per excess ton of SO₂ or NO_x emitted in 2025. In accordance with 40 CFR 77.6(b) and 72.2, this annual adjustment factor is determined from values of the Consumer Price Index for All Urban Consumers (CPI-U) for August 1989 and August 2024.

The annual adjustment factor used to compute excess emissions penalties for compliance year 2026 is 2.6001 resulting in an automatic penalty amount of \$5,200 per excess ton of SO₂ or NO_x emitted in 2025. This annual adjustment factor is determined from values of the CPI-U for August 1989 and August 2025.

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