



STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION



In the matter of)
) Trading Agreement
The State of Connecticut and) and Order No. 8187
)
Wisvest-Connecticut, LLC)

Whereas, the Commissioner of Environmental Protection ("Commissioner") and Wisvest-Connecticut, LLC ("Wisvest") agree that it is in the public interest that they work cooperatively to improve the air quality within the State of Connecticut and that the use of emission reduction trading will achieve this result in a timely and cost-effective manner:

A. At the request and with the agreement of Wisvest, the Commissioner finds the following:

- 1. Wisvest is an exempt wholesale electric generating company with its principal place of business in Shelton, Connecticut.
2. One of the two fossil fuel-fired electric generating stations within the state that Wisvest owns and operates is Bridgeport Harbor Station at 1 Atlantic Street in Bridgeport, Connecticut ("facility"). At the facility, Wisvest operates Bridgeport Harbor Station Unit 2, Connecticut Registration No. 00150162, an oil-fired cyclone boiler, currently rated at 170 megawatts ("boiler"). The boiler operates on No. 6 or No. 2 fuel oil. No. 2 fuel oil is used primarily as a start-up fuel. A continuous emissions monitor ("CEM"), certified to 40 Code of Federal Regulations Part 75, measures nitrogen oxide ("NOx") emissions from the boiler.
3. During the year 1997, based on CEM monitoring data, the annual NOx emissions for Bridgeport Harbor Station Unit 2 were 1,095 tons. The unit operated for 5,320 hours and combusted 34,885,616 gallons of No. 6 oil and 61,781 gallons of No. 2 oil.

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4. During the year 1998, based on CEM monitoring data, the annual NOx emissions for Bridgeport Harbor Station Unit 2 were 920 tons. The unit operated for 4,493 hours and combusted 31,110,827 gallons of No. 6 oil and 71,527 gallons of No. 2 oil.
5. Pursuant to Section 22a-174-33 of the Regulations, on November 30, 1999, Wisvest submitted a Title V permit application for Bridgeport Harbor Station. Within the Title V permit application, Wisvest included a provision for an alternative operating scenario for Unit 2 whereby Unit 2 could burn natural gas as a primary fuel while retaining the capability to burn No. 6 fuel oil and No. 2 fuel oil, if necessary either in combination with natural gas or independently, due to an interruption in the supply of natural gas, or due to economics. The NOx RACT emission limit for Unit 2 is 0.43 lb/MMBtu, which applies to firing on No. 6 oil, No. 2 oil and natural gas, either individually or in combination. Wisvest intends to obtain a permit to operate for Unit 2, if required, prior to burning natural gas in Unit 2.
6. Pursuant to Section 22a-174-22(j) of the Regulations, Wisvest intends to limit the NOx emissions from Unit 2 to 192 tons annually. Through this limitation on NOx emissions, Wisvest intends to create Continuous Emission Reduction Credits (CERCs) as determined by the difference between the baseline emissions during 1997-1998 and the proposed NOx cap. During the baseline years (1997-1998), Unit 2 emitted an annual average of 1,008 tons of NOx. The difference between this baseline and the proposed cap is 816 tons/year of NOx CERCs.
7. As properly documented by Wisvest and approved by the Commissioner, the reductions in NOx emissions identified above, as computed in accordance with the terms of this Trading Agreement and Order, will conform to the requirements of Section 22a-174-22(j)(3) of the Regulations. Specifically, the reductions will be:

Real because they result in a reduction of actual emissions released into the air, net of any

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consequential increase in actual emissions resulting from shifting demand. The emission reductions are properly measured, recorded and reported.

Quantifiable because they are based on Continuous Emission Monitoring Data as applied in an appropriate reliable and replicable protocol, providing total mass amount of reduction.

Surplus because they are not required by any Connecticut statute or regulation mandated by a current State Implementation Plan ("SIP"), and are not currently relied upon in any applicable attainment plan, any reasonable further progress plan or milestone demonstration.

Permanent because the boiler will not be operated above the NOx cap, and an appropriate tracking system is in place to monitor all data required to verify and quantify the creation of CERCs.

Enforceable because the CERCs are approved by the Commissioner subject to the enforceability of the tonnage cap under this Trading Agreement and Order.

- B. The Commissioner, in accordance with the provisions of this Trading Agreement and Order, pursuant to Sections 22a-174-22(d)(4) and 22a-174-3 of the Regulations, will allow Wisvest and approved sources within Connecticut to use 816 tons of NOx CERCs referenced in paragraph A.6. of this Trading Agreement and Order as emission offsets for new sources for compliance with the requirements of Section 22a-174-3(1)(5) of the Regulations and/or for other purposes as approved by the Commissioner. Sources in other states within the Ozone Transport Region may use the NOx CERCs, subject to the approval of the affected state, and provided that the affected state and the State of Connecticut are parties to an inter-state Memorandum of Understanding with each other.

Approved CERCs generated by Wisvest may be held by Wisvest or transferred to other persons. Such CERCs shall remain valid until they are used.

- C. With the agreement of Wisvest, the Commissioner, acting under Sections 22a-6, 22a-171, 22a-174, 22a-176, and 22a-177 of the Connecticut General Statutes, orders Wisvest as follows:

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1. Wisvest shall limit annual NOx emissions from the boiler to no more than 192 tons during any calendar year.
2. Wisvest shall maintain records for the boiler showing daily NOx mass emissions, actual fuel consumed on a daily basis, and running totals of each of the foregoing for the current calendar year.
3. No later than March 1 of every year after issuance of this Trading Agreement and Order, Wisvest shall include with the Annual Emission Statement provided to the Commissioner, a record of each sale or other transfer, and use of any and all of the CERCs approved within this Trading Agreement and Order until all such CERCs have been used. Wisvest shall also include actual NOx emissions from the boiler. These reports shall be on a form prescribed by the Commissioner. This reporting may cease if a central registry is approved by the Commissioner.
4. Wisvest shall retain records and supporting documentation as described in this Trading Agreement and Order for a minimum of five years, commencing on the date such records were created. Wisvest shall provide the records specified above to the Commissioner within thirty (30) days of receipt of a written request from the Commissioner.
5. Any NOx allowances allocated to the boiler and received by Wisvest pursuant to Sections 22a-174-22a or 22a-174-22b of the Regulations shall not be eligible for conversion to offset credits. In addition, the 816 tons per year of NOx CERCs referenced in paragraphs A.6. and B. of this Trading Agreement and Order shall be used as offset credits only by stationary sources subject to Sections 22a-174-22a or 22a-174-22b of the Regulations or by stationary sources subject to a NOx budget program established by another state in accordance with the Ozone Transport Commission Memorandum of Understanding dated September 27, 1994 or 40 Code of Federal Regulations Part 96.
6. As used in this Trading Agreement and Order, "Commissioner" means the Commissioner of Environmental Protection or an agent of the Commissioner.

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- 7. Notification of noncompliance. In the event that Wisvest becomes aware that it did not or may not comply, or did not or may not comply on time, with any requirement of this Trading Agreement and Order or of any document required hereunder, Wisvest shall immediately notify the Commissioner and shall take all reasonable steps to ensure that any noncompliance or delay is avoided or, if unavoidable, is minimized to the greatest extent possible. In so notifying the Commissioner, Wisvest shall state in writing the reasons for the noncompliance or delay and propose, for the review and written approval of the Commissioner, dates by which compliance will be achieved, and Wisvest shall comply with any dates which may be approved in writing by the Commissioner. Notification by Wisvest shall not excuse noncompliance or delay, and the Commissioner's approval of any compliance dates proposed shall not excuse noncompliance or delay unless specifically so stated by the Commissioner in writing.

- 8. Certification of documents. Any document, including but not limited to any notice, which is required to be submitted to the Commissioner under this Trading Agreement and Order shall be signed by the chief executive officer of Wisvest or a duly authorized representative of such officer, as those terms are defined in Section 22a-430-3(b)(2) of the Regulations, and by the individual or individuals responsible for actually preparing such document, each of whom shall examine and be familiar with the information submitted in the document and all attachments thereto, and shall make inquiry of those individuals responsible for obtaining the information to determine that the information is true, accurate, and complete, and each of whom shall certify in writing as follows:

"I have personally examined and am familiar with the information submitted in this document and all attachments thereto, and I certify that based on reasonable investigation, including my inquiry of those individuals responsible for obtaining the information, the submitted information is true, accurate and complete to the best of my knowledge and belief. I understand that any false statement made in the submitted information may be punishable as a criminal offense

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under Section 22a-175 of the Connecticut General Statutes or, in accordance with Section 22a-6 of the Connecticut General Statutes, under Section 53a-157b of the Connecticut General Statutes, and in accordance with any other applicable statute."

9. Final Agreement and Order. This Trading Agreement and Order is the final agreement and order by and between the Commissioner and Wisvest with respect to the matters addressed herein, and shall not be modified without the written agreement of both parties.
10. False statements. Any false statement in any information submitted pursuant to this Trading Agreement and Order may be punishable as a criminal offense under Section 22a-175 of the Connecticut General Statutes or, in accordance with Section 22a-6, under Section 53a-157b of the Connecticut General Statutes.
11. Notice of transfer; liability of Wisvest and others. Until Wisvest has fully complied with this Trading Agreement and Order, Wisvest shall notify the Commissioner in writing no later than fifteen (15) days after transferring all or any portion of the facility, the operations, the site or the business which are the subject of this Trading Agreement and Order, or obtaining a new mailing or location address. Any license transfer shall be conducted in accordance with Section 22a-60 of the Connecticut General Statutes. Wisvest's obligations under this Trading Agreement and Order shall not be affected by the passage of title to any property to any other person or municipality.
12. Commissioner's powers. Nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to prevent or abate violations of law, prevent or abate pollution, recover costs and natural resource damages, and to impose penalties for violations of law which are willful or criminally negligent or for which penalties have not been specifically provided in this Trading Agreement and Order, including but not limited to violations of any permit issued by the Commissioner. If at any time the Commissioner determines that the actions taken by Wisvest pursuant to this Trading

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Agreement and Order have not fully achieved compliance with Sections 22a-174-22 and Section 22a-174-3 of the Regulations, the Commissioner may institute any proceeding against Wisvest and/or require Wisvest to undertake further investigation or further action.

- 13. Wisvest's obligations under law. Nothing in this Trading Agreement and Order shall relieve Wisvest of other obligations under applicable federal, state and local law.
- 14. Access to records and facility. Any representative of the Department of Environmental Protection may enter and inspect the facility and inspect and copy records within normal business hours without prior notice for the purposes of monitoring and enforcing the actions required or allowed by this Trading Agreement and Order.
- 15. No effect on rights of other persons. This Trading Agreement and Order shall neither create nor affect any rights of persons who or municipalities which are not parties to this Trading Agreement and Order.
- 16. No Creation of Property Rights. This Trading Agreement and Order does not create any property rights with respect to these CERCs.
- 17. Notice to Commissioner of changes. Within fifteen (15) days of the date Wisvest becomes aware of a change in any information submitted to the Commissioner under this Trading Agreement and Order, or that any such information was inaccurate or misleading or that any relevant information was omitted, Wisvest shall submit the correct or omitted information to the Commissioner.
- 18. Submission of documents. Any document required to be submitted to the Commissioner under this Trading Agreement and Order shall, unless otherwise specified in writing by the Commissioner, be directed to:

Ms. Wendy Jacobs
Department of Environmental Protection
Bureau of Air Management
Compliance and Field Operations Division
Emissions and Credit Trading Section
79 Elm Street
Hartford, Connecticut 06106

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Wisvest consents to the issuance of this Trading Agreement and Order without further notice. The undersigned certifies that he/she is fully authorized to enter into this Trading Agreement and Order and to legally bind Wisvest to the terms and conditions of the Trading Agreement and Order.

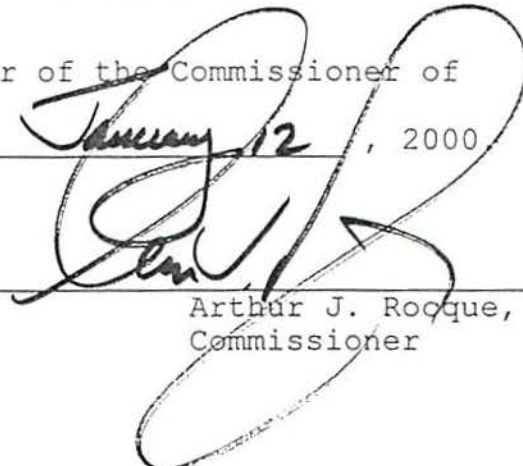
Signature: Wisvest-Connecticut, LLC
Thomas D Kirk

Type Name: Thomas D. Kirk

Type Title: General Manager

Date: Jan. 6 2000

Issued as a final consent order of the Commissioner of Environmental Protection on January 12, 2000



Arthur J. Roogue, Jr.
Commissioner

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