



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 28 2003

OFFICE OF
AIR AND RADIATION

Mr. Bruce McClenathan
Authorized Account Representative
Director of Generation
P.O. Box 6066
Newark, DE 19714-6066

Re: Petition to use test data for LME qualification under Part 75, Subpart H for units owned by Conectiv Atlantic Generation, L.L.C.

Dear Mr. McClenathan:

The United States Environmental Protection Agency (EPA) has reviewed the October 14, 2002 petition of Conectiv Atlantic Generation, L.L.C. (Conectiv) under §75.66(a) for Carl's Corner Unit 003001, Cedar Units 002001, 003001, 004001, Deepwater Unit 009001, Missouri Ave. Units 010001, 011001, 012001, and Middle Station Units 003001, 004001, 005001. Conectiv requested to demonstrate qualification for Low Mass Emission (LME) monitoring, effective May 1, 2002, using a fuel-and-unit-specific nitrogen oxide (NO_x) emission rate for groups of identical units under §75.19(c)(1)(iv)(C)(3) to recalculate 2000 and 2001 emissions, in lieu of using previously submitted data based on default NO_x emission rates. Conectiv also requested that the 50 ton ozone season threshold be used (in lieu of the 25 ton per ozone season limit) to determine LME qualification. As discussed below, EPA approves the petition with certain conditions.

Background

The units addressed by this petition are all aircraft derivative combustion turbines located at various Conectiv facilities in New Jersey. These units provide peak power and are operated at times of highest demand as directed by the Pennsylvania-New Jersey-Maryland Interconnection, L.L.C. The listed units have (on average) less than 3.5% annual capacity factor. Aside from the unit at the Deepwater station, which combusts primarily natural gas, each unit's primary fuel is diesel.

Each unit has been participating in the New Jersey NO_x Budget Trading Program (N.J.A.C. 7:27-31 *et seq.*) since 1999. Monitoring for the years 1999, 2000, and 2001 was performed in accordance with N.J.A.C. 7:27-31.14, the January 28, 1997 Ozone Transport

Commission's "Guidelines for Implementation of Emission Monitoring Requirements for the NOx Budget Program", and EPA's July 3, 1997 guidance entitled "Electronic Data Reporting: Acid Rain Program/NOx Budget Program - Version 2.0". Starting in 2002, monitoring is required to be in accordance with to N.J.A.C. 7:27-31.14(i) and 40 CFR Part 75, Subpart H.

For 1999 through 2001, Conectiv utilized a combination of long term fuel flow to determine heat input and NOx emission rates to determine NOx mass for each ozone season. The default NOx emission rate values used for calculating NOx mass in each of these years were higher than the demonstrated NOx emission rates determined by testing performed in 2000 to satisfy New Jersey NOx reasonably available control technology (RACT) requirements. For initial qualification to use the LME methodology under Part 75, units are required to use historical data, including data from previous electronic data reports (EDRs).

Cedar Station Units 002001 and 004001 would not qualify for LME status based upon the 2000 or 2001 EDR reports submitted under the New Jersey NOx Budget Program. However, these units would qualify for LME status in those years if a fuel-and-unit-specific NOx emission rate were used instead of assigned default rates. Furthermore, several of the units referenced in this petition will exceed the allowable NOx mass limit in the current ozone season if they are not permitted to use the fuel-and-unit-specific rate obtained from the 2000 NOx RACT testing, rather than the default rates. This would result in those units also being disqualified from future use of the LME methodology.

EPA's Determination

EPA, in consultation with the New Jersey Department of Environmental Protection (NJDEP), approves Conectiv's request to use fuel-and-unit-specific NOx emission rates, derived from testing conducted during the year 2000, to recalculate the NOx mass emissions during the 2000 and 2001 control seasons for the purpose of demonstrating that the units qualified to use the LME methodology beginning May 1, 2002. EPA believes that, since adequate testing was performed at the units and reviewed by the NJDEP in 2000, the resulting data are more representative of the actual NOx emission rates than the rates used for reporting 1999-2001 emissions. Also, because the highest average tested rates are to be used, it is unlikely that using the test data would lead to underestimation of NOx mass emissions for current or future ozone season reporting.

Furthermore, EPA's approval of the use of fuel-and-unit-specific rates applies to both the tested unit and selected identical units that were not tested so long as they are defined as a group and the representative testing requirements of §75.19(c)(1)(iv)(B) and (C)(3) and Table LM-4 are met. Since only one unit of each type was tested, the tested unit and one other unit may use the fuel-and-unit-specific rate. EPA notes that the remaining units must continue to use the default NOx emission rates listed in table LM-2 of §75.19 unless further testing is conducted. Once the original group is established and the NOx rates are assigned to specific units for initial qualification, the fuel-and-unit-specific rates may not be transferred to other identical units for

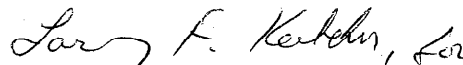
which the table defaults initially are used. If Conectiv wishes to obtain fuel-and-unit-specific NOx emission rates for the units that are assigned the table values for 2002, additional testing must first be performed.

The recalculation of 2000 and 2001 data is for initial qualification demonstration purposes only and does not entitle Conectiv to reclaim any allowances surrendered for compliance in 2000 or 2001. The recalculated NOx mass for each year is to be reported in the LME qualification record (RT645) in the 2002 second quarter EDR. Also, the second quarter report must contain the appropriate NOx emission rate correlation test data (RT650) and results (RT651), as well as the unit group testing records (RT660).

EPA also approves the request to use the 50 ton NOx mass ozone season threshold in lieu of the 25 ton limit that was in effect in May 2002. Although the June 12, 2002 revisions to Part 75, in which the LME qualification thresholds were raised, were not effective until July 12, 2002, EPA agrees that it makes sense to allow the new provisions to be used for the entire 2002 ozone season.

EPA's determination in this letter relies on the accuracy and completeness of Conectiv's October 14, 2002 submission and its 1999, 2000, and 2001 electronic data reports and is appealable under Part 78. If you have any questions regarding this correspondence, please contact Matthew Boze at (202) 564-1975.

Sincerely,



Sam Napolitano, Acting Director
Clean Air Markets Division

cc: Ann Zownir, USEPA Region 2
John Preczewski, NJDEP
Frederick Ballay, NJDEP-BTS
James Klickovich, Conectiv