



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

MAY 13 2004

OFFICE OF
AIR AND RADIATION

Mr. Nicholas T. Burwell
Manager-Environmental Services
Lansing Board of Water and Light
1232 Haco Drive
P.O. Box 13007
Lansing, MI 48901-3007

Re: Petition for Exemption from the Monitoring and Reporting Requirements of the
NO_x Budget Program for Unit 14 at the Moores Park Facility (Facility ID
(ORISPL) 1831)

Dear Mr. Burwell:

This is in response to your April 17, 2003 petition under §75.66 in which Lansing Board of Water and Light (LBWL) requested an exemption from the requirements of 40 CFR Part 97 to monitor and report nitrogen oxides (NO_x) emissions and heat input for Unit 14 at the Moores Park, Michigan facility. EPA approves the petition, with conditions, as discussed below.

Background

LBWL owns and operates Unit 14 at the Moores Park facility in Lansing, Michigan. Unit 14 is subject to the NO_x Budget Trading Program under 40 CFR Part 97, which requires LBWL to continuously monitor and report NO_x mass emissions and heat input for each ozone season (i.e., from May 1st through September 30th), in accordance with Subpart H of 40 CFR Part 75. This monitoring and reporting requirement became effective on May 1, 2003. LBWL is further required to hold allowances equal to Unit 14's ozone season NO_x mass emissions, beginning with the 2004 ozone season.

In the April 17, 2003 petition, LBWL requested that Unit 14 be exempted from the monitoring and reporting requirements of 40 CFR Part 97, on the basis that the unit was not expected to operate in the 2003 ozone season or in any subsequent ozone season. LBWL further stated that if, in the event of an emergency, Unit 14 should be operated during the 2003 ozone season, quality-assured emissions and heat input data would be collected using portable reference method monitoring systems.



However, in a May 28, 2003 letter to the Michigan Department of Environmental Quality (MDEQ), LBWL informed MDEQ that, in an apparent contradiction of LBWL's stated intent in the April 17, 2003 petition, Unit 14 was operated for 58 hours in the 2003 ozone season, and the NO_x mass emissions and heat input for those 58 hours were neither monitored nor reported to EPA. LBWL acknowledged that operating the unit in the 2003 ozone season without certified Part 75 monitoring systems in place violated the monitoring requirements of Part 97, but according to LBWL, the order to operate Unit 14 was given by mistake, and was the result of a miscommunication within its organization. LBWL reassured MDEQ that this mistake would not be repeated and that Unit 14 would not be operated in any future ozone season.

EPA's Determination

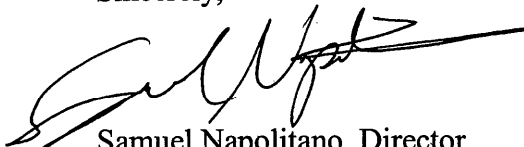
EPA notes that it recently approved Michigan's revision of its State Implementation Plan (SIP) to include the Oxides of Nitrogen Budget Trading Program rule, which is modeled after 40 CFR Part 96 and contains the same monitoring and reporting requirements as 40 CFR Part 97. See 69 FR 20548-50 (April 16, 2004). EPA is therefore treating LBWL's petition as a request for exemption from both sets of monitoring and reporting requirements.

EPA conditionally approves LBWL's request for Moores Park Unit 14 to be exempted from the monitoring and reporting requirements of 40 CFR Part 97 and the Michigan Oxides of Nitrogen Budget Trading Program rule. The conditions of approval are as follows:

- (1) Prior to May 31, 2004, LBWL shall apply for and obtain from MDEQ a federally-enforceable permit restriction, prohibiting Unit 14 from being operated in the 2004 ozone season and in any subsequent ozone season; and
- (2) If condition (1), above, has not been met by May 31, 2004, LBWL shall report the maximum potential NO_x emission rate and the maximum potential hourly heat input (as defined in §72.2) for each hour of operation of Unit 14 in the ozone season, if any such operation should occur, until the required permit restriction is either approved or denied by MDEQ; and
- (3) If LBWL's application for the permit restriction is denied by MDEQ, then, LBWL must install and certify continuous emission monitoring systems (CEMS) that meet the requirements of Part 75 within six months (180 days) of the date on which the application is denied. Until the required CEMS are certified, LBWL shall continue to report the maximum potential NO_x emission rate and the maximum potential hourly heat input for each hour of operation of Unit 14 in the ozone season, if any such operation should occur.

EPA's determination relies on the accuracy and completeness of LBWL's April 17, 2003 petition and the May 28, 2003 letter from LBWL to MDEQ, and is appealable under Part 78. If you have any questions concerning this determination, please contact Louis Nichols at (202) 343-9008.

Sincerely,

A handwritten signature in black ink, appearing to read 'Samuel Napolitano', with a long horizontal stroke extending to the right.

Samuel Napolitano, Director
Clean Air Markets Division

cc: Wilson Haynes, EPA Region IV
Karen Kajiya-Mills, Michigan DEQ
Louis Nichols, CAMD