



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19506, SPRINGFIELD, ILLINOIS 62794-9506 -(217) 782-2113

PAT QUINN, GOVERNOR

LISA BONNETT, INTERIM DIRECTOR

217/782-2113

JOINT CONSTRUCTION AND OPERATING PERMIT

PERMITTEE

Kincaid Generation, LLC
Attn: C. J. Saladino
4 Miles West of Kincaid on Route 104
Kincaid, Illinois 62540

Application No.: 09050022

I.D. No.: 021814AAB

Applicant's Designation:

Date Received: May 6, 2009

Subject: Control Program for Mitigation of Visibility Impairment

Date Issued: June 24, 2011

Location: Kincaid Generating Station, West of Kincaid on Route 104.

Permit is hereby granted to the above-designated Permittee to CONSTRUCT and OPERATE an emissions control program for Kincaid Units 1 and 2 (the affected units) for mitigation of visibility impairment, as described in the above-referenced application. This Permit is subject to standard conditions attached hereto and the following special condition(s):

1. Introduction

- a. This permit approves an emission control program (Program) for the affected units (i.e., Kincaid Units 1 and 2, the two electrical generating units at the Kincaid Generating Station) that addresses the role of their emissions in visibility impairment and regional haze, as is required for the affected units by the federal Clean Air Act, Section 169A, Visibility Protection for Federal Class I Areas. Under the Program, the Permittee will reduce emissions of nitrogen oxides (NO_x) from the affected units by operating the existing SCR systems on the units on a year-round basis. The Permittee will also reduce emissions of sulfur dioxide (SO₂) from the affected units by installing flue gas desulfurization technology on the units. The affected units will become subject to stringent annual limits for their NO_x and SO₂ emission rates, which limits represent application of Best Available Retrofit Technology (BART) to the units.
- b. This Program generally reflects limits for the NO_x and SO₂ emission rates of the affected units that are recognized as BART in an agreement between the Illinois EPA and Dominion Energy Services as the operator, and the Permittee, as the owner of the Kincaid Station (collectively "Dominion"), "Memorandum of Understanding on NO_x and SO₂ Emission Reductions Reflective of Best Available Retrofit Technology for Kincaid Units 1 and 2 between the Illinois Environmental Protection Agency and Dominion," February 3, 2009. The final limit for SO₂ emissions is more stringent than the limit in this agreement, being the result of further discussions between Dominion and the Illinois EPA following the public comment period held by the Illinois EPA on the "Regional Haze State Implementation Plan for Illinois."

- c. This permit is federally enforceable, that is, it establishes limits for the NO_x and SO₂ emission rates of the affected units that are directly enforceable and permanent and that are not contingent upon commencement of construction by the Permittee of additional flue gas desulfurization technology for the affected units. This is because the new limits for the affected units are legally required pursuant to Section 169A of the Clean Air Act and these limits are practically enforceable. In addition, before this permit was issued, a draft of this permit underwent a public comment period.

2. Emission Reduction Requirements Under the Program

a. NO_x Emission Reduction Requirements

Commencing March 1, 2013 and continuing thereafter, the annual average NO_x emission rate of the affected units, combined, shall not exceed 0.07 pounds per million British thermal units (mmBtu). This limit shall apply on a calendar year basis (i.e., for the period from January 1st to December 31st of each year) except in 2013, when this limit shall apply for the period from March 1st through December 31, 2013.

b. SO₂ Emission Reduction Requirements

- i. In the years 2014, 2015 and 2016, the annual average SO₂ emission rate of the affected units, combined, on a calendar year basis, shall not exceed 0.20 pounds per million Btu.
- ii. Commencing January 1, 2017 and continuing thereafter, the annual average SO₂ emission rate of the affected units, combined, on a calendar year basis, shall not exceed 0.15 pounds per million Btu.

c. Compliance Methodology

Compliance with the limits in Conditions 2(a) and (b) shall be determined by dividing the total amount of NO_x or SO₂ emitted by the affected units during the particular compliance period, in pounds, by the fuel heat input into the affected units during the period, in million Btu, using data for the emissions and heat input collected under the federal Clean Air Interstate Rule (CAIR) (or any subsequent federal program addressing NO_x and SO₂ emissions of electrical generating units that is a successor to CAIR). NO_x and SO₂ allowances under CAIR or any successor program shall not be considered in determining compliance with these limits, provided however that the transfer of such allowances associated with the affected units is not restricted by this permit and nothing in this permit shall be considered to prohibit or restrict the ability of the Permittee or Dominion to sell, trade or transfer SO₂ or NO_x allowances of any vintage owned, allocated to or earned by the affected units.

3. Reporting Requirements under the Program

a. Progress Reports

For 2011, 2012 and 2013, the Permittee shall submit progress reports to the Illinois EPA that describe activities that it undertook during the year to prepare for complying with the limits in Conditions 2(a) and (b). These progress reports shall be submitted by April 30 of the year following the calendar year addressed by the report.

b. Compliance Reports

Commencing with calendar year 2013 and continuing thereafter, the Permittee shall submit annual compliance reports to the Illinois EPA that provide the annual NO_x and SO₂ emission rates of the affected units, with supporting documentation, and address compliance with the emission limits in Conditions 2(a) and (b). These compliance reports shall be submitted by January 31 of the year following the year or period addressed by the report.

4. Coordination with Other Applicable Requirements

- a. This permit does not affect other applicable provisions and requirements for the affected units, including the authorization to operate the units generally provided by existing state operating permits for the units and the requirements set forth in those permits.
- b. The Permittee may operate the SCR systems on the affected units on a year-round basis pursuant to this permit, until authorization for such operation is provided in a CAAPP permit for the source. This condition supersedes Conditions 1 and 6(b) of the attached Standard Conditions for Construction/Development Permits, which are not applicable to this permit.
- c. The Permittee shall obtain a construction permit for installation of the planned flue gas desulfurization equipment on the affected units, which application shall address whether installation of such equipment and ancillary operations would entail a modification of the source.

If you have any questions on this permit, please contact Christopher Romaine at 217/782-2113.

Edwin C. Bakowski

Edwin C. Bakowski, P.E.
Manager, Permit Section
Division of Air Pollution Control

Date Signed: June 24, 2011

ECB:CPR:psj

cc: Region 2



STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
DIVISION OF AIR POLLUTION CONTROL
P. O. BOX 19506
SPRINGFIELD, ILLINOIS 62794-9506

**STANDARD CONDITIONS FOR CONSTRUCTION/DEVELOPMENT PERMITS
ISSUED BY THE ILLINOIS ENVIRONMENTAL PROTECTION AGENCY**

July 1, 1985

The Illinois Environmental Protection Act (Illinois Revised Statutes, Chapter 111-1/2, Section 1039) authorizes the Environmental Protection Agency to impose conditions on permits which it issues.

The following conditions are applicable unless superseded by special condition(s).

1. Unless this permit has been extended or it has been voided by a newly issued permit, this permit will expire one year from the date of issuance, unless a continuous program of construction or development on this project has started by such time.
2. The construction or development covered by this permit shall be done in compliance with applicable provisions of the Illinois Environmental Protection Act and Regulations adopted by the Illinois Pollution Control Board.
3. There shall be no deviations from the approved plans and specifications unless a written request for modification, along with plans and specifications as required, shall have been submitted to the Agency and a supplemental written permit issued.
4. The permittee shall allow any duly authorized agent of the Agency upon the presentation of credentials, at reasonable times:
 - a. to enter the permittee's property where actual or potential effluent, emission or noise sources are located or where any activity is to be conducted pursuant to this permit,
 - b. to have access to and to copy any records required to be kept under the terms and conditions of this permit,
 - c. to inspect, including during any hours of operation of equipment constructed or operated under this permit, such equipment and any equipment required to be kept, used, operated, calibrated and maintained under this permit,
 - d. to obtain and remove samples of any discharge or emissions of pollutants, and
 - e. to enter and utilize any photographic, recording, testing, monitoring or other equipment for the purpose of preserving, testing, monitoring, or recording any activity, discharge, or emission authorized by this permit.
5. The issuance of this permit:
 - a. shall not be considered as in any manner affecting the title of the premises upon which the permitted facilities are to be located,
 - b. does not release the permittee from any liability for damage to person or property caused by or resulting from the construction, maintenance, or operation of the proposed facilities,
 - c. does not release the permittee from compliance with other applicable statutes and regulations of the United States, of the State of Illinois, or with applicable local laws, ordinances and regulations,
 - d. does not take into consideration or attest to the structural stability of any units or parts of the project, and

- e. in no manner implies or suggests that the Agency (or its officers, agents or employees) assumes any liability, directly or indirectly, for any loss due to damage, installation, maintenance, or operation of the proposed equipment or facility.
- 6.
- a. Unless a joint construction/operation permit has been issued, a permit for operation shall be obtained from the Agency before the equipment covered by this permit is placed into operation.
 - b. For purposes of shakedown and testing, unless otherwise specified by a special permit condition, the equipment covered under this permit may be operated for a period not to exceed thirty (30) days.
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7. The Agency may file a complaint with the Board for modification, suspension or revocation of a permit:
- a. upon discovery that the permit application contained misrepresentations, misinformation or false statements or that all relevant facts were not disclosed, or
 - b. upon finding that any standard or special conditions have been violated, or
 - c. upon any violations of the Environmental Protection Act or any regulation effective thereunder as a result of the construction or development authorized by this permit.



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STANDARD CONDITIONS
FOR
OPERATING PERMITS

May, 1993

The Illinois Environmental Protection Act (Illinois Revised Statutes, Chapter 111-1/2, Section 1039) grants the Environmental Protection Agency authority to impose conditions on permits which it issues.

The following conditions are applicable unless superseded by special permit conditions(s).

1. The issuance of this permit does not release the Permittee from compliance with state and federal regulations which are part of the Illinois State Implementation Plan, as well as with other applicable statutes and regulations of the United States or the State of Illinois or with applicable local laws, ordinances and regulations.
2. The Illinois EPA has issued this permit based upon the information submitted by the Permittee in the permit application. Any misinformation, false statement or misrepresentation in the application shall be ground for revocation under 35 Ill. Adm. Code 201.166.
3. a. The Permittee shall not authorize, cause, direct or allow any modification, as defined in 35 Ill. Adm. Code 201.102, of equipment, operations or practices which are reflected in the permit application as submitted unless a new application or request for revision of the existing permit is filed with the Illinois EPA and unless a new permit or revision of the existing permit(s) is issued for such modification.
b. This permit only covers emission sources and control equipment while physically present at the indicated plant location(s). Unless the permit specifically provides for equipment relocation, this permit is void for an item of equipment on the day it is removed from the permitted location(s) or if all equipment is removed, notwithstanding the expiration date specified on the permit.

The Permittee shall allow any duly authorized agent of the Illinois EPA, upon the presentation of credentials, at reasonable times:

- a. To enter the Permittee's property where actual or potential effluent, emission or noise sources are located or where any activity is to be conducted pursuant to this permit;
- b. To have access to and to copy any records required to be kept under the terms and conditions of this permit;
- c. To inspect, including during any hours of operation of equipment constructed or operated under this permit, such equipment and any equipment required to be kept, used, operated, calibrated and maintained under this permit;
- d. To obtain and remove samples of any discharge or emission of pollutants; and
- e. To enter and utilize any photographic, recording, testing, monitoring or other equipment for the purpose of preserving, testing, monitoring or recording any activity, discharge or emission authorized by this permit.

The issuance of this permit:

- a. Shall not be considered as in any manner affecting the title of the premises upon which the permitted facilities are located;

- b. Does not release the Permittee from any liability for damage to person or property caused by or resulting from the construction, maintenance, or operation of the facilities;
 - c. Does not take into consideration or attest to the structural stability of any unit or part of the project; and
 - d. In no manner implies or suggests that the Illinois EPA (or its officers, agents, or employees) assumes any liability, directly or indirectly, for any loss due to damage, installation, maintenance, or operation of the proposed equipment or facility.
6. The facilities covered by this permit shall be operated in such a manner that the disposal of air contaminants collected by the equipment shall not cause a violation of the Environmental Protection Act or regulations promulgated thereunder.
 7. The Permittee shall maintain all equipment covered under this permit in such a manner that the performance of such equipment shall not cause a violation of the Environmental Protection Act or regulations promulgated thereunder.
 8. The Permittee shall maintain a maintenance record on the premises for each item of air pollution control equipment. This records shall be made available to any agent of the Environmental Protection Agency at any time during normal working hours and/or operating hours. As a minimum, this record shall show the dates of performance and nature of preventative maintenance activities.
 9. No person shall cause or allow continued operation during malfunction, breakdown or startup of any emission source or related air pollution control equipment if such operation would cause a violation of an applicable emission standard or permit limitation. Should a malfunction, breakdown or startup occur which results in emissions in excess of any applicable standard or permit limitation, the Permittee shall:
 - a. Immediately report the incident to the Illinois EPA's Regional Field Operations Section Office by telephone, telegraph, or other method as constitutes the fastest available alternative, and shall comply with all reasonable directives of the Illinois EPA with respect to the incident;
 - b. Maintain the following records for a period of no less than two (2) years:
 - i. Date and duration of malfunction, breakdown, or startup,
 - ii. Full and detailed explanation of the cause,
 - iii. Contaminants emitted and an estimate of quantity of emissions,
 - iv. Measures taken to minimize the amount of emissions during the malfunction, breakdown or startup, and
 - v. Measures taken to reduce future occurrences and frequency of incidents.
 10. If the permit application contains a compliance program and project completion schedule, the Permittee shall submit a project completion status report within thirty (30) days of any date specified in the compliance program and project completion schedule or at six month intervals, whichever is more frequent.
 11. The Permittee shall submit an Annual Emission Report as required by 35 Ill. Adm. Code 201.302 and 35 Ill. Adm. Code Part 254.