STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

James A. White, Plant Manager
Algonquin Power Windsor Locks, LLC
P.O. Box 289
Windsor Locks, CT 06096

Re: Nitrogen Oxide ("NOx") Trading Agreement and Order # 8299

Dear Mr. White:

Enclosed is a copy of Trading Agreement and Order (TA&O) #8299. The TA&O is now enforceable by the State of Connecticut.

Over the next few months the Department will be taking steps to revise the annual reporting forms that you have become familiar with over the years to facilitate compliant submission of the reports required under the TA&O. When these forms are complete, electronic versions of the forms and instruction will be provided for you use. Until then, NOx Trading Program participants may generate their own forms for the reports required under the TA&O.

The terms of the new TA&O need to be incorporated into the Title V Operating Permit for your facility, if you have such. To do so, please kindly submit an application for a minor permit modification to your existing Title V Permit in accordance with Section 22a-174-2a of the Regulations of Connecticut State Agencies.

If your facility is likely to violate the TA&O due to an inability to acquire DERCs or Allowances, you should submit notice in accordance with the Notice of Noncompliance paragraph of this TA&O. In such Notice, you should demonstrate that all reasonable efforts to procure DERCs and/or Allowances were exhausted prior to submission of the Notice.

Should you have any questions regarding this letter or the TA&O, please contact me at (860) 424-3462.

Sincerely,

Michael LaFleur
Air Pollution Control Engineer 3

STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

State of Connecticut	)	
and	)	
Algonquin Power Windsor Locks, LLC	)	Trading Agreement and Order No. 8299

WHEREAS, the Commissioner of Environmental Protection ("Commissioner") and Algonquin Power Windsor Locks, LLC ("Respondent") agree that the Commissioner may issue a permit or order to allow emissions trading in accordance with Section 22a-174-22(j) of the Regulations of Connecticut State Agencies ("Regulations") as a method of compliance with Section 22a-174-22 of the Regulations:

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

1. This Trading Agreement and Order supersedes Trading Agreement and Order 8261 and all subsequent modifications thereto.

2. Respondent is a corporation that owns and operates a cogeneration plant at 26 Canal Bank Road, Windsor Locks, Connecticut ("facility").

3. At the facility, Respondent operates the emission unit described in Table 1 below, which is subject to Section 22a-174-22 of the Regulations of Connecticut State Agencies ("Regulations") pertaining to the control of Nitrogen Oxide (NOx) emissions.

4. For the purposes of this Trading Agreement and Order, the following definitions shall apply:

   a. Allowable Emission Limit (AEL): the applicable NOx emission limit set forth in Section 22a-174-22(e) or Section 22a-174-22(f) of the Regulations corresponding to the emission unit described in Table 1 of this Trading Agreement and Order

   b. Allowance: CAIR NOx Ozone Season allowance originally allocated to a CAIR NOx Ozone Season unit, as defined in Section 22a-174-22c of the Regulations, located in the State of Connecticut or a NOx allowance designated specifically for compliance during Ozone Season control periods and allocated to a CAIR NOx Ozone Season unit located in the State of Connecticut after the date of issuance of this Trading Agreement and Order.

   c. CAIR NOx Ozone Season unit: shall be as defined in Section 22a-174-22c of the Regulations

   d. CEMS: Continuous Emissions Monitoring System

e. Discrete Emission Reduction Credit (DERC): a unit that was generated and approved by the Commissioner in accordance with a Trading Agreement and Order issued by the Commissioner or generated and approved by the Commissioner in accordance with a protocol submitted and approved pursuant to Section 22a-174-38 of the Regulations. Such unit is equivalent to 1 ton of NOx emissions and may be used for emissions trading in accordance with Section 22a-174-22(j) of the Regulations, subject to the provisions of Part B of this Trading Agreement and Order.

f. Non-Attainment Area: means the geographic area which has been designated as nonattainment pursuant to 40 CFR 81 in accordance with the provisions of 42 USC 7407 (Section 107 of the Act). Pursuant to 40 CFR 81.307, the designated ozone non-attainment areas in the State of Connecticut are : the Greater Connecticut, CT area and the New York-Northern New Jersey-Long Island, NY-NJ-CT area.

g. CAIR NATS: "CAIR NO_x Ozone Season Allowance Tracking System" as defined in 40 CFR 96.302.

h. Ozone Season: May 1 through September 30 of each calendar year or such period as defined by the U.S. Environmental Protection Agency, subsequent to the issuance of this Trading Agreement and Order.

i. Non-Ozone Season: the period of consecutive calendar months between two successive Ozone Seasons

Table 1
CAIR NOx Ozone Season Unit

UNIT- reg. or permit no.	Fuel	Heat Input (MMBtu)	Allowable Emission Limit (AEL)-Lbs/MMBtu
GE PB6541(B) Cogeneration Turbine P-213-0029	Nat. Gas #2 Fuel	555.2 529.5	.15 During the Non-Ozone Season

5. The Respondent agrees that the actual NOx emissions rate from the emission unit described in Table 1, at times, exceeds the corresponding AEL.

6. Pursuant to Section 22a-174-22(j) of the Regulations, Respondent proposes to comply with Section 22a-174-22(e) of the Regulations, when operating the emission unit described in Table 1 by means of emissions trading in accordance with the provisions of this Trading Agreement and Order.

7. The Respondent proposes to use the actual non-ozone season average emission rate measured by CEMS for the purposes of calculating Actual DERCs/Allowances Required for the emission unit described in Table 1.

The Commissioner, in accordance with Section 22a-174-22(j) of the Regulations hereby allows Respondent to comply with Section 22a-174-22 of the Regulations at the facility through the use of emissions trading, subject to the provisions of this Trading Agreement and Order.

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

1. Expiration of this Trading Agreement and Order: The Respondent may only use emissions trading, subject to the provisions of this Trading Agreement and Order, until the date of expiration of this Trading Agreement and Order. The date of expiration of this Trading Agreement and Order shall be the earlier of:

    a. January 1, 2013;

    b. The date upon which the Respondent demonstrates to the Commissioner's satisfaction that actual NOx emissions from the emission unit, at all times, does not exceed the corresponding AEL(s);

    c. The date specified in any written notice from the Commissioner stating that the Respondent is no longer allowed to use emissions trading due to the Respondent's violation of any provision of this Trading Agreement and Order; or

    d. The date specified in any written notice from the Commissioner, notifying the Respondent that the Commissioner has determined the use of emissions trading as a compliance option has been further restricted, modified or nullified by:

        (i) the promulgation of an Act, Statute, or Regulations; or
        (ii) the issuance of a judgment or court order.

2. Respondent shall obtain and use sufficient DERCs and/or Allowances in such a manner as to comply with Paragraph B.7 of this Trading Agreement and Order. All Allowances used must come from an emission unit that is within the same ozone nonattainment area as the Respondent. Any Allowances used to comply with this Trading Agreement and Order must be allocated for the control period that occurs during the same year those allowances are used for compliance with this Trading Agreement and Order.

3. Prior to using Allowances in accordance with Paragraph B.7 of this Trading Agreement and Order the Respondent shall obtain a General Account or Compliance Account in the CAIR NATS.

4. Vintage Restriction. For the purposes of compliance with Section 22a-174-22 of the Regulations and the provisions of this Trading Agreement and Order, DERCs shall only remain valid for five (5) calendar years from the year of the generation of such DERCs. DERCs older than five (5) calendar years from their creation are not valid for use for compliance with Section 22a-174-22 of the Regulations and the provisions of this Trading Agreement and Order

5. Ozone Season Fuel Use Restriction: Notwithstanding the provisions of Paragraph B.2 of this Trading Agreement and Order, when operating the emission unit described in Table 1 during the Ozone Season, the Respondent shall operate those units while firing or co-firing the lowest NOx emitting fuel type or combination of fuel types that the unit is authorized to burn in accordance with Departmental permit, registration, or applicable regulation.

6. Notwithstanding Paragraph B.5 of this Trading Agreement and Order, during the Ozone Season, the Respondent may operate the emission units described above on fuels that result in higher emissions of NOx, if either:

   a. the availability of fuel oil that complies with Paragraph B.5 is inadequate to meet the needs of residential, commercial and industrial users in this state and that such inadequate supply constitutes an emergency; or

   b. the supply of gaseous fuels to the emission units is interrupted due to inadequate supply or in accordance with an interruptible supply agreement between the Respondent and the gaseous fuel supplier.

   c. the purchase of the lowest NOx emitting fuel type will prevent the unit from responding to an ISO-New England dispatch directive on a timely basis under an emergency power shortage event in Connecticut or the ISO-NE region.

7. Non-Ozone Season DERC/Allowance Use. The Respondent shall possess a quantity of DERCs and/or Allowances that equals or exceeds the quantity of Non-Ozone Season Actual DERCs/Allowances Required for that Non-Ozone Season. Compliance with Paragraph B.7 of this Trading Agreement and Order shall be determined as follows:

   a. Before the first day of each Non-Ozone Season, Respondent shall estimate DERCs and/or Allowances required for that Non- Ozone Season for the emission unit described in Table 1 based on the average actual NOx emission rate from the emission unit and an emission limit of 0.15 lb/mmbtu as follows:

   Estimated Non-Ozone Season DERCs/Allowances Required =

   {(Estimated Non-Ozone Season fuel use in MMBtu) x ((estimated average NOx Emission Rate lb/mmbtu) - (0.95 x 0.15 lb/mmbtu))} ÷ 2000 lbs/ton

   b. No later than thirty (30) days after the end of each Non-Ozone Season, the Respondent shall calculate Actual Non-Ozone Season DERCs and/or Allowances used during that Non-Ozone Season for each emission unit as follows:

   Actual Non-Ozone Season DERCs/Allowances Required =

   {(Actual Non-Ozone Season fuel use in MMBtu) x ((Non-Ozone Season Average Actual NOx Emission Rate lb/mmbtu) - (0.95 x 0.15 lb/mmbtu))}÷2000 lbs/ton

8. Not more than thirty (30) days after the completion of the Non-Ozone Season, the Respondent shall deduct a quantity of DERCS from the current balance of DERCs possessed by the

Respondent and/or transfer a quantity of Allowances from the Respondent's NOx General Account or Compliance Account to the CT State NOx Retirement Account (Account ID CT0000000300 in the CAIR NATS) such that the total is equal to Actual Non-Ozone Season DERCs/Allowances Required for the most recently completed Non-Ozone Season.

9. Doubling:

If the Actual DERCs/Allowances Required for any Non-Ozone Season, determined in accordance with Paragraph B.7, exceeds the quantity of DERCs and/or Allowances in the Respondent's possession on the first day of that Non-Ozone Season, then in addition to the deduction or transfer specified in Paragraphs B.8, the Respondent shall also deduct a quantity of DERCs from the current balance of DERCs possessed by the Respondent and/or transfer a quantity of Allowances from the Respondent's NOx General Account or Compliance Account to the CT State NOx Retirement Account (Account ID CT0000000300 in the CAIR NATS) such that the total is equal to Actual Non-Ozone Season DERCs/Allowances Required for the most recently completed Non-Ozone Season. Such additional DERC deduction or Allowance transfer shall be performed at the same time as any DERC deduction or Allowance transfer specified in Paragraph B.8 of this Trading Agreement and Order.

Notwithstanding the provisions of Paragraph B.9 of this Trading Agreement and Order, any violation of Paragraphs B.7 of this Trading Agreement and Order may be subject to additional enforcement action as may be deemed appropriate by the Commissioner in accordance with the Department's enforcement response policy.

10. Not more than thirty (30) days after the completion of each Non-Ozone Season, the Respondent shall demonstrate that any Allowances used for compliance with this Trading Agreement and Order during the each non-ozone season are surplus, quantifiable, enforceable and permanent. This shall be determined by demonstrating that the actual NOx emissions during the ozone season, as reported to the United States Environmental Protection Agency, from the emission unit to which the Allowances were originally allocated were equal to or less than the amount of Allowances allocated to such unit by the State of Connecticut minus the Allowances used for compliance with this Trading Agreement and Order.

11. Maintenance and Tune-up. Not more than 1 year from the date of issuance of this Trading Agreement and Order, the Respondent shall perform maintenance and inspection of the emission unit listed in Table 1. Such maintenance and inspection shall include, but not be limited to, the following:

    a. Inspect the combustion system, and clean or replace any components of the combustion system as necessary, in accordance with manufacturer's specification or current good engineering practice;

    b. Inspect the system controlling the air-to-fuel ratio, and ensure that it is calibrated and functioning in accordance with the manufacturer's specifications or current good engineering practice;

    c. Measure the operating parameters of the emission unit used to determine that the emission unit is operating in accordance with manufacturer's specification or

current good engineering practice prior to and after any adjustments are made during maintenance, tune-up, or inspection activity;

d. Make and keep records including, but not limited to, the following:

i. Demonstration that any maintenance, tune-up, and/or inspection activity performed on the emission unit described in Table 1 in accordance with Paragraph B.11 of this Trading Agreement and Order has been performed in accordance with the manufacturer's specifications or current good engineering practice,

ii. The date and a description of any maintenance, tune-up, and/or inspection activity performed on the emission unit described in Table 1 in accordance with Paragraph B.11 of this Trading Agreement and Order,

iii. The name, title and affiliation of the person conducting any maintenance, tune-up, and/or inspection activity performed on the emission unit described in Table 1 in accordance with Paragraph B.11 of this Trading Agreement and Order,

iv. The operating parameters of the emission unit used to determine that the emission unit is operating in accordance with manufacturer's specification or current good engineering practice prior to and after any adjustments are made during maintenance, tune-up, or inspection activity performed in accordance with Paragraph B.11 of this Trading Agreement and Order.

12. Record Keeping:

a. Not more than thirty (30) days after the completion of each Non-Ozone Season, the Respondent shall record the Non-Ozone Season average NOx emission rate for the emission unit described in Table 1, the quantity of DERCs and/or allowances possessed on the first day of the Non-Ozone Season, and the quantity of DERCs deducted and/or Allowances transferred in accordance with Paragraphs B.8 and B.9 of this Trading Agreement and Order.

b. On each day, during the Ozone Season, that the Respondent operates in accordance with Paragraph B.6 of this Trading Agreement and Order, the Respondent shall make and keep records of all emissions unit operations in accordance with Paragraph B.6, including copies of all written correspondence demonstrating that operations are due to one or more of the factors described in Paragraph B.6.a through Paragraph B.6.c

13. Respondent shall retain records and supporting documentation required by this Trading Agreement and Order for a minimum of five years, commencing on the date such records were created. Respondent shall provide the records specified above to the Commissioner within thirty (30) days of receipt of a written request from the Commissioner. All records shall be maintained in accordance with Sections 22a-174-4 and 22a-174-22 of the Regulations.

14. Reporting: Not later than July 30 of each calendar year, the Respondent shall submit a written report containing copies of all records required pursuant to Paragraph B.12 of this Trading Agreement and Order. The Commissioner may prescribe the forms to be used for the submission of these reports. The Respondent shall submit these reports on such forms, if prescribed by the Commissioner.

15. Full compliance. Respondent shall not be considered in full compliance with this Trading Agreement and Order until all actions required by this Trading Agreement and Order have been completed as approved and to the Commissioner's satisfaction.

16. Approvals. Respondent shall use best efforts to submit to the Commissioner all documents required by this Trading Agreement and Order in a complete and approvable form. If the Commissioner notifies Respondent that any document or other action is deficient, and does not approve it with conditions or modifications, it is deemed disapproved, and Respondent shall correct the deficiencies and resubmit it within the time specified by the Commissioner or, if no time is specified by the Commissioner, within 30 days of the Commissioner's notice of deficiencies. In approving any document or other action under this Trading Agreement and Order, the Commissioner may approve the document or other action as submitted or performed or with such conditions or modifications as the Commissioner deems necessary to carry out the purposes of this Trading Agreement and Order. Nothing in this paragraph shall excuse noncompliance or delay.

17. Definitions. As used in this Trading Agreement and Order "Commissioner" means the Commissioner or a representative of the Commissioner; The date of "issuance" of this Trading Agreement and Order is the date the Trading Agreement and Order is deposited in the U.S. mail or personally delivered, whichever is earlier.

18. Dates. The date of submission to the Commissioner of any document required by this Trading Agreement and Order shall be the date such document is received by the Commissioner. The date of any notice by the Commissioner under Trading Agreement and Order, including but not limited to notice of approval or disapproval of any document or other action, shall be the date such notice is deposited in the U.S. mail or is personally delivered, whichever is earlier. Except as otherwise specified in this Trading Agreement and Order, the word "day" as used in this Trading Agreement and Order means calendar day. Any document or action which is required by this Trading Agreement and Order to be submitted or performed by a date which falls on a Saturday, Sunday or a Connecticut or federal holiday shall be submitted or performed by the next day which is not a Saturday, Sunday or Connecticut or federal holiday.

19. 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 Respondent or, if Respondent is not an individual, by an individual, employed by the Respondent, who satisfies the criteria set forth in Section 22a-174-2a(a)(1) of the Regulations of Connecticut State Agencies and by the individual(s) responsible for actually preparing such document. Each individual who signs documents in accordance with this Paragraph 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, based on reasonable investigation,

including my inquiry of those individuals responsible for obtaining the information, that 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 under Section 53a-157b of the Connecticut General Statutes and any other applicable law."

20. Noncompliance. This Trading Agreement and Order is a final order of the Commissioner with respect to the matters addressed herein, and is nonappealable and immediately enforceable. Failure to comply with this Trading Agreement and Order may subject Respondent to an injunction and penalties.

21. 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 53a-157b of the Connecticut General Statutes and any other applicable law.

22. Notice of transfer; liability of Respondent. Until Respondent has fully complied with this Trading Agreement and Order, Respondent shall notify the Commissioner in writing no later than 15 days after transferring all or any portion of the facility, the operations, the site or the business which is the subject of this Trading Agreement and Order or after obtaining a new mailing or location address. Respondent'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.

23. 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 past, present, or future violations of law. If at any time the Commissioner determines that the actions taken by Respondent pursuant to this Trading Agreement and Order have not successfully corrected all violations, fully characterized the extent or degree of any pollution, or successfully abated or prevented pollution, the Commissioner may institute any proceeding to require Respondent to undertake further investigation or further action to prevent or abate violations or pollution.

24. Respondent's obligations under law. Nothing in this Trading Agreement and Order shall relieve Respondent of other obligations under applicable federal, state and local law.

25. No assurance by Commissioner. No provision of this Trading Agreement and Order and no action or inaction by the Commissioner shall be construed to constitute an assurance by the Commissioner that the actions taken by Respondent pursuant to this Trading Agreement and Order will result in compliance or prevent or abate pollution.

26. Access to premises. Any representative of the Department of Environmental Protection may enter the without prior notice for the purposes of monitoring and enforcing the actions required or allowed by this Trading Agreement and Order.

27. No effect on rights of other persons. This Trading Agreement and Order neither creates nor affects any rights of persons or municipalities that are not parties to this Trading Agreement and Order.

28. No Creation of Property Rights. This Consent Order does not create any property rights with respect to these DERCs or Allowances.

29. Notice to Commissioner of changes. Within 15 days of the date Respondent 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, Respondent shall submit the correct or omitted information to the Commissioner.

30. Notification of noncompliance. In the event that Respondent 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, Respondent shall immediately notify by telephone the individual identified in the next paragraph 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. Within five (5) days of the initial notice, Respondent shall submit in writing the date, time, and duration of the noncompliance and 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 Respondent shall comply with any dates which may be approved in writing by the Commissioner. Notification by Respondent 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.

31. Submission of documents. Any document required to be submitted to the Commissioner under this Trading Agreement and Order shall, unless otherwise specified in this Trading Agreement and Order or in writing by the Commissioner, be directed to:

Supervisor
Administrative Enforcement Group
Engineering and Enforcement Division
Bureau of Air Management
Department of Environmental Protection
79 Elm Street, 5th Floor
Hartford, Connecticut 06106
(860) 424-3702

Respondent 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 Respondent to the terms and conditions of the Trading Agreement and Order.

Respondent

Signature: _____

Type Name: James A. White

Type Title: Plant Manager

Date: April 13, 2010

Issued as a final consent order of the Commissioner of the Department of Environmental Protection.

Gary S. Rose

Gary S. Rose, Director
Engineering & Enforcement Division
Bureau of Air Management

04-20-2010
Date

CITY OF WINDSOR LOCKS LAND RECORDS
MAILED CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Certified Document