STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

STATE OF CONNECTICUT

AND

DOMINION NUCLEAR CONNECTICUT, INC.

TRADING AGREEMENT AND
ORDER NO. 8222A
MODIFICATION NO. 1

TRADING AGREEMENT AND ORDER MODIFICATION

In the matter of a Trading Agreement and Order between the Commissioner of Environmental Protection ("Commissioner") and Dominion Nuclear Connecticut, Inc. ("DNC").

WHEREAS, the Commissioner and DNC, having agreed to the terms and conditions set forth in Trading Agreement and Order No. 8222A issued on April 28, 2003, do now, by mutual agreement, modify Trading Agreement and Order No. 8222A as follows:

1. Delete paragraph A.4. and Table 1 in its entirety, and substitute the following therefor:

   Emission testing performed on the dates indicated in Table 1, resulted in NOx emission rates as follows:

Table 1

Emission Unit	Fuel	Heat Input MMBtu/hr	Test Rate Lbs/MMBtu	FLER Lbs/MMBtu	Allowable Rate Lbs/MMBtu	Date of Stack Test	Next Emission Test Due
B&W #1 EU1.4	No. 4 fuel oil	69.6	0.26	0.29	0.25	9/16/2004	9/16/2009
B&W #2 EU1.5	No. 4 fuel oil	69.6	0.32	0.35	0.25	9/16/2004	9/16/2009

2. Delete the date May 1, 2007, and substitute therefor May 1, 2009, in paragraph A.6.

3. Delete paragraph A.8. and Table 2 in its entirety.

4. Delete the date April 30, 2007, and substitute therefor May 1, 2009 in paragraph C.1.

5. Delete paragraph C.2. in its entirety and substitute the following therefor:

DERC use

a. Until May 1, 2009, before the first day of each month DNC shall have in its possession sufficient approved DERCs for such month for the boilers based on the following calculations;

Before the first day of each month, DNC shall estimate DERCs required for such month for the boilers as follows:

Estimated DERCs (in tons) = [((FLER in lbs/MMBtu) – (0.95 x NOx allowable rate in lbs/MMBtu)) x (estimated fuel use in MMBtu)] ÷ 2000 pounds/ton

Where:

- NOx allowable rate = allowable limit rate in lbs/MMBtu shown in Table 1 of this Trading Agreement and Order.
- FLER = full load emission rate in lbs/MMBtu as shown in Table 1 of this Trading Agreement and Order.
- Discount (0.95) = 5% design margin applied to the allowable limit rate.

b. No later than the twentieth day of each month, calculate DERCs used in the preceding calendar month for the boilers as follows:

DERCs (in tons) = [((FLER in lbs/MMBtu) – (0.95 x NOx allowable rate in lbs/MMBtu)) x (actual fuel use in MMBtu)] ÷ 2000 pounds/ton

6. Delete paragraph C.5. and substitute the following therefor:

Annual Emission Statement and Annual DERC Report. No later than March 1 for the previous calendar year, DNC shall provide to the Commissioner, a record of each sale or other transfer, and use of any and all of the DERCs approved within and subsequent to issuance of this Trading Agreement and Order until all such

DERCs have been used or are no longer in DNC's possession. DNC shall also include actual NOx emissions from the boilers and the amount of all DERCs used (including serial numbers (if assigned) and approved DERCs purchased from other facilities). These reports shall be on a form prescribed by the Commissioner and shall be in monthly increments, and by ozone and non-ozone seasons.

7. Delete paragraph C.6. and substitute the following therefor:

Allowance Use. Pursuant to Section 22a-174-22(d)(3) of the Regulations, DNC may use NOx allowances, until May 1, 2009, for the boilers pursuant to Section 22a-174-22(j) of the Regulations to achieve all or a portion of the reductions required by Section 22a-174-22 of the Regulations. Any allowance used for compliance with Section 22a-174-22(e) of the Regulations shall be subject to all restrictions and/or requirements applicable to DERCs contained in this Trading Agreement and Order;

a. In order for DNC to use NOx allowances, DNC shall create a general account or use an existing compliance account or overdraft account in EPA's NOx Allowance Tracking System ("NATS"); and

b. Each allowance used for compliance with Section 22a-174-22 of the Regulations shall be equivalent to one discrete emission reduction credit. Allowances shall be considered used for compliance with Section 22a-174-22 of the Regulations when they are transferred from the facility's NOx general account in the NATS or the facility's NOx compliance account in the NATS to the CT State NOx Retirement Account (Account ID CT0000000300 in the NATS)

8. Delete paragraph C.7 and substitute the following therefor:

DERC Shortfall. At a minimum, DERCs required shall be adjusted upwards by 100% if DERCs are not in DNC's possession for use prior to the first day of each month or applicable season. However, nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceedings or take any other action to require additional upward adjustment, based on the gravity of any alleged noncompliance or violation of law. DNC shall permanently retire the quantity of DERCs equivalent to the excess emissions plus a 100% premium within sixty (60) days of DNC's discovery of the DERC shortfall. DNC shall certify and report any such DERC retirement to the Commissioner in accordance with paragraph C.30. of this Trading Agreement and Order.

9. Delete paragraph C.9. and substitute the following therefor:

FLER Exceedance. Noncompliance with an established FLER shall subject DNC to make restitution by matching the quantity of emissions ("true up") caused by the exceedance plus a 100% premium. The true up in tons of DERCs shall be equal to the FLER exceedance in lbs/MMBtu, multiplied by the total heat input during the period of noncompliance divided by 2000 lbs/ton. If the period of noncompliance is not known, the time period from the completion of the last/previous Commissioner approved emission test through the date the FLER compliance is achieved as approved by the Commissioner shall be used. However, nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to require additional upward adjustment, based on the gravity of any alleged noncompliance or violation of law. DNC shall permanently retire DERCs calculated in accordance with the above plus a 100% premium within sixty (60) days of DNC's discovery of the FLER exceedance. DNC shall report any FLER exceedance to the Commissioner in accordance with paragraph C.30. of this Trading Agreement and Order.

10. Delete paragraph C.12. and substitute the following therefor:

Extension. No later than May 1, 2009, with respect to the boilers, DNC shall comply with the requirements of Sections 22a-174-22(d)(1) and 22a-174-22(d)(2)(A) of the Regulations and amendments thereto. There is no assurance that the Commissioner will grant a written extension of this Trading Agreement and Order.

11. Delete paragraph C.13. and substitute the following therefor:

Future Compliance Report. On or before September 1, 2008, DNC shall submit a report in writing to the Commissioner, as directed in paragraph C.30. of this Trading Agreement and Order, indicating how the facility shall comply with Section 22a-174-22 of the Regulations with respect to the boilers on and after May 1, 2009.

12. Delete paragraph C.16. and substitute the following therefor:

Definitions. As used in this Trading Agreement and Order, "Approved DERCs" are those for which the Commissioner has provided written authorization for use in compliance with Section 22a-174-22 of the Regulations; "Commissioner" means the Commissioner or a representative of the Commissioner; "Non-ozone season" means the period from October 1 through April 30 in any given calendar year; "Ozone season" means the period May 1 through September 30 in any given calendar year.

13. Delete paragraph C.17. and substitute the following therefor:

Dates. 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. 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 this 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.

14. Delete the word "individual" and substitute therefor the word "Section" in paragraph C.29.

15. Delete the name "Mrs. Elizabeth McAuliffe" in paragraph C.30.

All other terms and conditions of Trading Agreement and Order No. 8222A issued by the Commissioner acting under Chapter 446c, Sections 22a-6, 22a-171, 22a-174, 22a-176, and 22a-177 of the Connecticut General Statutes shall remain in effect.

DNC hereby consents to the entry of this modification to the Trading Agreement and Order without further notice.

DOMINION NUCLEAR CONNECTICUT, INC.

Signature: Robert T. Griffin

Type Name: Robert T. Griffin

Type Title: Director, Nuclear Station Safety and Licensing

Date: 4/19/07

Issued as a modification of an Order of the Commissioner of Environmental Protection.

Gina McCarthy
Commissioner

4/30/07
Date

TOWN OF WATERFORD LAND RECORDS

MAILED CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Certified Document No.

CONFIDENTIAL: ENFORCEMENT STRATEGY

This document contains tentative conclusions and recommendations and does not create any defenses or rights, substantive or procedural.

To: Robert Girard, Assistant Director of Engineering and Enforcement

From: Michael LaFleur, APCE III

Subj: Proposed Trading Agreement and Order No. 8222 Mod 1

Date: 3/29/07

Source: Dominion Nuclear Connecticut-two Boilers

Nature of Problem or Violation: Trading Agreement and Order 8222A expires on May 1, 2007. The order needs to be extended until May 1, 2009 as the facility is still using NOx Trading as a compliance option.

Date of Discovery: NA

Action Proposed: Extend Order to May 1, 2009.

Justification for Proposed Action: Section 22a-174-22 of the Regulations of Connecticut State Agencies (RCSA) allows a source to use NOx DERCs for purposes of compliance with section 22a-174-22 of the RSCA.

Relief Sought: N/A

Consultation with Water and Waste Bureaus: Email messages were sent to representatives of the Waste and Water Bureaus on 3/26/07 to facilitate a compliance check. On 3/26/07 Peter Ploch and Martha Fraenkel sent replies stating that there were no issues with the Waste Bureau. Marla Butts sent a reply on 3/26/07 stating that there were no issues with the IWRD. *We have not heard back from the Water Bureau on this facility.*

Anticipated Controversy: None