STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

STATE OF CONNECTICUT

AND

COMBUSTION ENGINEERING, INC.

TRADING AGREEMENT AND
ORDER NO. 8154A
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 Combustion Engineering ("CE").

WHEREAS, the Commissioner and CE, having agreed to the terms and conditions set forth in Trading Agreement and Order No. 8154A issued on April 26, 2003, do now, by mutual agreement, modify Trading Agreement and Order No. 8154A as follows:

1. Delete the date April 30, 2007, and substitute therefor May 1, 2009, in paragraph A.6.

2. Delete Table 2 in paragraph A.8. in its entirety and substitute the following therefor:

Table 2
Purchased Approved DERCs

Year	Ozone Season	Tons	Non-ozone season	Tons	Expiration Date
2001	S/N not assigned	9	S/N not assigned	6	12/31/06

3. Delete the date April 30, 2007, and substitute therefor May 1, 2009 in paragraph C.1. and C.2.

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

   Annual Emission Statement and Non-Ozone Season Emission Statement. No later than March 1 for the previous calendar year and July 30 (for the October through April time period only starting in 2003) of every year after issuance of this Trading Agreement and Order, CE 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 CE's possession. CE shall also include actual NOx emissions from the boiler and the amount of all DERCs used (including serial numbers (if assigned) and approved DERCs generated and/or purchased from other facilities), generated and/or approved for the previous calendar year and October through April time period. These reports shall be on a form prescribed by the Commissioner and shall be in monthly increments, and by ozone and non-ozone seasons.

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

Allowance Use. Pursuant to Section 22a-174-22(d)(3) of the Regulations, CE may use NOx allowances, until May 1, 2009, for the boiler 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 CE to use NOx allowances, CE 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)

6. 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 CE'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 proceeding or take any other action to require additional upward adjustment, based on the gravity of any alleged noncompliance or violation of law. CE shall permanently retire the quantity of DERCs equivalent to the excess emissions plus a 100% premium within sixty (60) days of CE's discovery of the DERC shortfall. CE shall certify and report any such DERC retirement to the Commissioner in accordance

with paragraph C.30. of this Trading Agreement and Order.

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

FLER Exceedance. Noncompliance with an established FLER shall subject CE 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 witnessed 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. CE shall permanently retire DERCs calculated in accordance with the above plus a 100% premium within sixty (60) days of CE's discovery of the FLER exceedance. CE shall report any FLER exceedance to the Commissioner in accordance with paragraph C.30. of this Trading Agreement and Order.

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

Extension. No later than May 1, 2009, with respect to the boiler, CE 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.

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

Future Compliance Report. On or before September 1, 2008, CE 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 boiler on and after May 1, 2009.

10. 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.

11. 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.

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

13. Delete the name "Mr. Roland L. Severance Jr., PE" in paragraph C.30.

All other terms and conditions of Trading Agreement and Order No. 8154A 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.

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

COMBUSTION ENGINEERING INC.

Signature: _____

Type Name: R. Keith Knauerhase

Type Title: Director, Environmental Engineering and Support

Date: October 2, 2006

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

_____ 10/17/08
Gina McCarthy Date
Commissioner

TOWN OF WINDSOR LAND RECORDS

MAILED CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

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