STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In the matter of	)	
	)	Trading Agreement
The State of Connecticut and	)	and Order No. 8243
	)	Modification 1
PSEG Power Connecticut LLC	)	

Whereas, the Commissioner of Environmental Protection ("Commissioner") and PSEG Power Connecticut LLC (PSEG) having agreed to the terms and conditions set forth in Trading Agreement and Order 8243 issued on February 13, 2003, do now, by mutual agreement, modify said Trading Agreement and Order as follows:

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

2. Delete paragraph C.1.b. and substitute the following therfor:

   Document that sufficient approved DERCs are available for the boiler no later than the first of each calendar month to assure compliance for, at a minimum, that calendar month. DERCs required shall be adjusted upwards by 100% if DERCs are not in PSEG'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. PSEG shall permanently retire the quantity of DERCs equivalent to the excess emissions plus a 100% premium within sixty (60) days of PSEG's discovery of the DERC shortfall. PSEG shall certify and report any such DERC retirement to the Commissioner in accordance with paragraph C.11. of this Trading Agreement and Order.

3. Delete paragraph C.1.c. and substitute the following therfor:

   No later than the tenth day of each month, calculate and permanently retire DERCs used in the preceding calendar month for the boiler as follows:

$$\text{DERCs (tons)} = \frac{[\text{actual fuel use in MMBtu} \times (.4 \text{ lbs/MMBtu} - (.95 \times .25 \text{ /MMBtu}))]}{2000 \text{ lbs/ton}}$$

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

   FLER Exceedance. Noncompliance with an established FLER shall subject PSEG 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. PSEG shall permanently retire DERCs calculated in accordance with the above plus a 100% premium within sixty (60) days of PSEG's discovery of the FLER exceedance. PSEG shall report any FLER exceedance to the Commissioner in accordance with paragraph C.12. of this Trading Agreement and Order.

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

   Extension. No later than May 1, 2009, with respect to the boiler, PSEG 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 after full program review of this and other Trading Agreements and Orders that the Commissioner will grant a written extension of this Trading Agreement and Order.

6. Delete paragraph C.9. 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; 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. "Ozone season" means the period May 1 through September 30 in any given calendar year.

7. Delete the word "individual" and substitute therefore the word "section" in paragraph C.22..

8. Delete the name "Ms. Wendy Jacobs" in paragraph C.23..

9. Include a new paragraph C.24. as follows:

   Future Compliance Report. On or before September 1, 2008, PSEG shall submit a report in writing to the Commissioner, as directed in paragraph C.23. 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.

All other terms and conditions of Trading Agreement and Order No. 8243 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.

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

PSEG POWER CONNECTICUT LLC

Signature: Robert T. Parnell

Name: Robert T. Parnell

Title: Director of Asset Operations

Date: August 16, 2006

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

Amey Marrella
for Gina McCarthy
Commissioner

9/7/06
Date

CITY OF NEW HAVEN LAND RECORDS
MAILED CERTIFIED MAIL,
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