STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

STATE OF CONNECTICUT

AND

ALGONQUIN GAS TRANSMISSION COMPANY

TRADING AGREEMENT AND
ORDER NO. 8123A
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 Algonquin Gas Transmission Company ("Algonquin").

WHEREAS, the Commissioner and Algonquin, having agreed to the terms and conditions set forth in Trading Agreement and Order No. 8123A issued on April 30, 2003, do now, by mutual agreement, modify Trading Agreement and Order No. 8123A as follows:

1. Delete the dates May 1, 2007, April 30, 2007, and April 31, 2007 and substitute therefor May 1, 2009, in paragraphs A.6., C.1., C.2., C.3.a., and C.3.b.

2. Delete paragraph A.5. 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	FLER Lbs/MMBtu	Baseline Emission rate Lbs/MMBtu	Allowable Rate Lbs/MMBtu	Date of Emission Test	Next Emission Test Due
C-7	Natural gas	46	.145	.410	.170	1/26/05	1/26/10

3. Delete paragraph A.9. and Table 2 in its entirety.

4. Delete paragraph B.1. and Table 3 in its entirety, and substitute the following therefore:

   The Commissioner, in accordance with the provisions of this Trading Agreement and Order, pursuant to Section 22a-174-22(d)(3) of the Regulations, will allow Algonquin and approved sources within Connecticut to use the NOx DERCs referenced in Table 2 of this Trading Agreement and Order for purposes of

compliance under Section 22a-174-22(j) of the Regulations to achieve a portion of the nitrogen oxide emission reductions required by Section 22a-174-22 of the Regulations. DERC creation serial numbers assigned by the Department of Environmental Protection ("Department") to these approved reductions are provided in Table 2 of this Trading Agreement and Order:

Table 2

Year of Generation	Ozone season DERC serial numbers	Ozone	Non-Ozone season DERC serial numbers	Non-Ozone	Expiration Date
1997-1999	Not assigned	7	Not assigned	52	12/31/04
2000	N/A	0	CT00/8123(DC)Noxnoz1-19	19	12/31/05
2001	CT01/8123(DC)Noxoz1-2	2	CT01/8123(DC)Noxnoz1-14	14	12/31/06
2002	CT02/8123(DC)Noxoz1-6	6	CT02/8123(DC)Noxnoz1-16	16	12/31/07

5. Delete paragraph C.10. and substitute the following therefore:

Extension. No later that May 1, 2009, with respect to the turbine, Algonquin shall comply with the requirements of Section 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.

6. Delete paragraph C.13. and substitute the following therefore:

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.

7. Delete paragraph C.14. and substitute the following therefore:

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.

8. Delete the word "individual" and substitute therefore the word "Section" in Paragraph C.26.

9. Delete the name "Mr. Michael LaFleur" from paragraph C.27.

All other terms and conditions of Trading Agreement and Order no. 8123A 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.

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

Algonquin Gas Transmission Company

Signature: _____

Type Name: Thomas V. Weeden Jr

Type Title: General Manager

Date: 8/7/06

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

_____ 8/22/06

Gina McCarthy
Commissioner

Date

MAILED CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

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