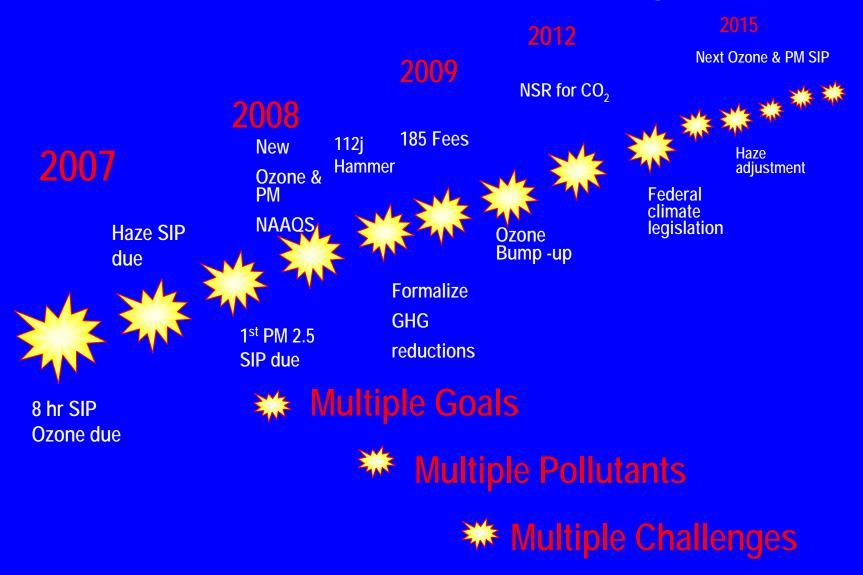
Fuel Burning Regulation Development

April 2008 SIPRAC

Attainment & GHG Obligations



Air & Energy Issues - Convergence

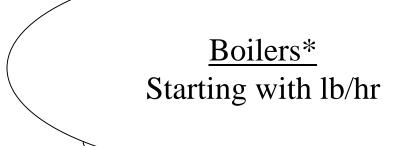
- Highest electric demand days (HEDD), worst air quality tend to coincide
- Meeting the peaks results in using dirtiest and most expensive sources
- Industry, generators and markets need certainty from energy and environmental regulators
- Innovation will save energy and money, and drive environmental solutions

Fuel Burning Program Redesign

- Requires consideration of appropriate timing of the application of multi-pollutant requirements
 - Nitrogen Oxides immediate and next phase
 - Mercury next phase
 - Carbon Dioxide through replacement & cap/trades
 - Sulfur- through replacement & fuel supply
- Lean Government we cannot keep doing this the same old way

Internal Review

- Kaizen event held at DEP
- "Kaizen" combines two Japanese words that mean "to take apart" and "to make good"
- Helps to identify waste
- Conceptual framework for regulating fuel burning was advanced by the team



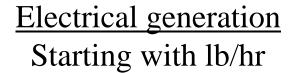
Exemptions: none

Limits – Input and output - based

- •Use RACT to inform achievable limits
- •Include output based to improve efficiency
- Maybe less stringent for space heating

<u>Alternatives - (not available for #6)</u>

- •Short duration averaging
- Averaging outside ozone season
- •SEP-like contribution to residential furnace replacement program or CHP
- *Grant and loan incentives



Limits –

Output-based to improve EE

•Additional for load-following:

satisfy HEDD

& cover SO2

•RRFs

Alternatives - (not available for #6)

- •Short duration averaging
- •SEP-like contribution to residential furnace replacement program or CHP

Exemptions:

- •Emer.engines (real, not grid)

BOILERS immediate / next phase

EMISSION LIMITATIONS FOR BOILERS	Gas-fired	Residual-oil-fired	Distillate	Coal-fired	Wood
MRC of 25 but < 100 MMBtu/hr NOx in lb/MMBtu PM (lb/MMBtu) Sulfur (ppm)	0.05/ 0.05 .03 n/a	0.20/ 0.10 .03 3,000/ 1,500	0.08/ 0.08 .03 500/ 15	n/a	0.075/ 0.070 .037 n/a
MRC of 100 but ≤ 250 MMBtu/hr NOx in lb/MMBtu PM (lb/MMBtu) Sulfur (ppm)	0.10/ 0.10 .03 n/a	0.20/ 0.10 .03 3,000/1,500	0.20/ 0.10 .03 500/ 15	0.12/ 0.10 .051 2,000/ 1,800	0.075/ 0.070 .037 n/a
MRC of > 250 MMBtu/hr NOx in lb/MMBtu PM (lb/MMBtu) Sulfur (ppm)	0.12/ 0.08 .015 n/a	0.12/ 0.08 .015 3,000/ 1,500	0.12/ 0.08 .015 500/ 15	0.12/ 0.08 .015 2,000/ 1,800	0.075/ 0.070 .037 n/a

TURBINES immediate / next phase

EMISSION LIMITATIONS FOR COMBUSTION TURBINES	GAS-FIRED	DISTILLATE
Combined cycle with a MRC of 25 MMBtu/hr or more NOx (ppmvd) PM (lb/MMBtu) Sulfur (ppm)	42/ 25 .02 n/a	65/ 42 .04 500/ 15
Simple cycle with a MRC of 25 MMBtu/hr or more NOx (ppmvd) PM (lb/MMBtu)) Sulfur (ppm)	55/ 25 .005 n/a	75/ 42 .027 500/ 15

RECIPROCATING ENGINES immediate / next phase

EMISSION LIMITATIONS FOR RECIPROCATING ENGINES	GAS-FIRED	DISTILLATE
≥200 HP, spark ignited rich or lean burn NOx (gm/bk hp-hr) NOx GPER PM GPER (gm/bk hp-hr) Sulfur (ppm)	1.5/ 1.5 90% control or SCR .01 n/a	n/a
>200 HP, compression ignition NOx (gm/bk hp-hr) NOx GPER PM GPER PM (gm/bk hp-hr) Sulfur (ppm)	n/a	2.3/ 2.3 90% control or SCR 85% control or DPF .2/.01 500/15

Planning Meetings

- April 16th– Phoenix 9:00-11:00 AM
 - SIPRAC feedback on concepts and limitations
 - Output based emissions limitations discussion
- May 21st Room TBD 9:00-11:00 AM
- June 18th Phoenix 9:00-11:00 AM