

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

MIDWEST GENERATION, LLC –)
WAUKEGAN GENERATING STATION.)
)
Petitioner.)
)
v.) PCB 12-121
) (Variance – Air)
ILLINOIS ENVIRONMENTAL)
PROTECTION AGENCY,)
)
Respondent.)

NOTICE OF FILING

To:

John T. Therriault, Assistant Clerk
Illinois Pollution Control Board
James R. Thompson Center
Suite 11-500
100 West Randolph
Chicago, Illinois 60601

Charles Matoesian
Illinois Environmental Protection Agency
Division of Legal Counsel
1021 North Grand Avenue, East
P.O. Box 19276
Springfield, Illinois 62794-9276

Bradley Halloran, Hearing Officer
Illinois Pollution Control Board
James R. Thompson Center
Suite 11-500
100 West Randolph
Chicago, Illinois 60601

PLEASE TAKE NOTICE that we have today filed with the Office of the Clerk of the Pollution Control Board **ADDITIONAL EXHIBIT TO PETITION FOR VARIANCE – Exhibit 11**, copies of which are herewith served upon you.


Kathleen C. Bassi

Dated: May 4, 2012

SCHIFF HARDIN LLP
Attorneys for Midwest Generation, LLC
Kathleen C. Bassi
Stephen J. Bonebrake
233 South Wacker Drive, Suite 6600
Chicago, Illinois 60606
Phone: 312-258-5567
Fax: 312-258-5600
kbassi@schiffhardin.com

CERTIFICATE OF SERVICE

I, the undersigned, certify that on this 4th day of May, 2012, I have served electronically the attached **ADDITIONAL EXHIBIT TO PETITION FOR VARIANCE – Exhibit 11**, upon the following persons:

John T. Therriault, Assistant Clerk
Illinois Pollution Control Board
James R. Thompson Center
Suite 11-500
100 West Randolph
Chicago, Illinois 60601

Charles Matoesian
Illinois Environmental Protection Agency
Division of Legal Counsel
1021 North Grand Avenue, East
P.O. Box 19276
Springfield, Illinois 62794-9276
charles.matoesian@illinois.gov

Bradley Halloran, Hearing Officer
Illinois Pollution Control Board
James R. Thompson Center
Suite 11-500
100 West Randolph
Chicago, Illinois 60601
hallorab@ipcb.state.il.us



Kathleen C. Bassi

SCHIFF HARDIN LLP
Attorneys for Midwest Generation, LLC
Kathleen C. Bassi
Stephen J. Bonebrake
233 South Wacker Drive, Suite 6600
Chicago, Illinois 60606
Phone: 312-258-5567
Fax: 312-258-5600
kbassi@schiffhardin.com

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

MIDWEST GENERATION, LLC –)	
WAUKEGAN GENERATING STATION,)	
)	
Petitioner,)	
)	
v.)	PCB 12-121
)	(Variance – Air)
ILLINOIS ENVIRONMENTAL)	
PROTECTION AGENCY,)	
)	
Respondent.)	

ADDITIONAL EXHIBIT TO PETITION FOR VARIANCE
Exhibit 11

NOW COMES Petitioner, MIDWEST GENERATION, LLC – WAUKEGAN GENERATING STATION, and submits the additional exhibit to its Petition for Variance as referenced in the Petition. More specifically:

1. On April 10, 2012, Midwest Generation, LLC – Waukegan Generating Station, Petitioner in this matter (hereafter “Midwest Generation” or “Petitioner”), submitted a Petition for Variance to the Pollution Control Board.
2. Midwest Generation understands from the Hearing Officer assigned to this matter that the Board accepted Midwest Generation’s Petition at its May 3rd Board meeting.
3. On March 8, 2012, Midwest Generation sent notices of its intent to decommission the coal-fired boilers at the Fisk and Crawford Generating Stations to PJM Interconnection, LLC. See Exh. 7 to the Petition for Variance.

4. In footnote 17 on page 17 of the Petition, Midwest Generation stated that it would provide copies of responses from PJM to these notices if they arrived during the pendency of the variance proceeding.

5. On May 3, 2012, counsel for Midwest Generation and for the Illinois Environmental Protection Agency (“Agency”) met in a status conference call with the Hearing Officer. During that status call, counsel for Midwest Generation indicated that Midwest Generation has received such responses. Counsel for the Agency and the Hearing Officer agreed that Midwest Generation could submit this additional exhibit at this time.

6. Therefore, consistent with footnote 17 of the Petition, Midwest Generation herewith submits two letters from PJM dated April 5, 2012, and a letter from Monitoring Analytics dated April 10, 2012, to the Board as Exhibit 11 to the Petition. PJM states in its letters that “after a detailed study of the PJM 2012 Transmission System,” it “did not identify any reliability violations” that would result from the shutdowns of the Fisk and Crawford generating units.

Respectfully submitted,

MIDWEST GENERATION, LLC –
WAUKEGAN GENERATING STATION

by:



One of Its Attorneys

Dated: May 4, 2012

Kathleen C. Bassi
Stephen J. Bonebrake
SCHIFF HARDIN, LLP
233 South Wacker Drive, Suite 6600
Chicago, Illinois 60606
312-258-5500
Fax: 312-258-5600
kbassi@schiffhardin.com



955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

Paul McGlynn
Director – System Planning

April 5, 2012

John C. Kennedy
Senior Vice President, Generation
Midwest Generation, LLC
235 Remington Blvd.
Suite A
Bolingbrook, IL 60440

Re: Generator Deactivation Request for Fisk 19

Dear Mr. Kennedy,

This letter is submitted on behalf of PJM Interconnection, L.L.C. ("PJM"), in response to the notice submitted on behalf of Midwest Generation, LLC, dated March 8, 2012, requesting to deactivate the following generator located in the PJM region: Fisk Unit 19, effective no later than December 31, 2012.

In accordance with Section 113.2 of the PJM Open Access Transmission Tariff (PJM Tariff), PJM Interconnection Analysis (and the affected Transmission Owner) performed a detailed study of the PJM Transmission System and did not identify any reliability violations resulting from the proposed deactivation of the Fisk 19 generating unit.

Since there are no reliability violations associated with deactivation of this generating unit, consistent with Section 113.2 of the PJM Tariff, the Fisk 19 generating unit may be deactivated at any time. Please confirm the date on which you will deactivate this generating unit. Also, Monitoring Analytics, LLC, the Independent Market Monitor for PJM, has indicated that they must also conclude a market power analysis prior to the generating unit deactivation. Monitoring Analytics, LLC will be responding separately to you with their conclusions.

Please be advised that PJM's determination does not supersede any outstanding contractual obligations between the Fisk 19 generating unit and any other parties that must be resolved before deactivating the generator.

In accordance with the PJM Tariff, Part VI, Subpart C, Section 230.3.3, the Capacity Interconnection Rights associated with Generating Capacity Resource will terminate one year from the Deactivation Date unless the holder of such rights submits a new Generation Interconnection Request within one year after the Deactivation Date. Also, if a generating unit is receiving Schedule 2 payments for Reactive Supply and

Voltage Control, the generating unit owner must inform PJM when the unit is deactivated so that the payments may be adjusted.

Please contact Bill Patzin (610-666-4698) (patziw@pjm.com) in PJM's Interconnection Coordination Department to confirm the Deactivation Date or if you have any questions regarding PJM's analysis or the generator deactivation process.

Very truly yours,



Paul McGlynn
Director, System Planning

#694228

Attachment

cc: Michael J. Kormos, Senior Vice President, PJM {kormosmj@pjm.com}
Reem Fahey, Vice President, EMMT {rfahey@edisonmission.com}
Joseph Bowring {Joseph.Bowring@monitoringanalytics.com}

Deactivation Study
Fisk 19 Generating Unit

General

PJM received a deactivation notice from Midwest Generation LLC for the Fisk 19 generating unit which has a capacity of 326 MW. Midwest Generation LLC has requested a deactivation date of no later than December 31, 2012.

Reliability Analysis Results

PJM Interconnection Analysis department performed the following studies for the 326 MW Fisk 19 generator and found no reliability violations:

- o **N-1 Thermal and Voltage Study**
 - None
- o **Generator Deliverability Study**
 - None
- o **N-1-1 Thermal and Voltage Study**
 - None
- o **Load Deliverability**
 - None

System Reinforcements

None



955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

Paul McGlynn
Director – System Planning

April 5, 2012

John C. Kennedy
Senior Vice President, Generation
Midwest Generation, LLC
235 Remington Blvd.
Suite A
Bolingbrook, IL 60440

Re: Generator Deactivation Request for Crawford 7 and 8

Dear Mr. Kennedy,

This letter is submitted on behalf of PJM Interconnection, L.L.C. ("PJM"), in response to the notice submitted on behalf of Midwest Generation, LLC, dated March 8, 2012, requesting to deactivate the following generators located in the PJM region: Crawford Nos. 7 and 8, effective 30 days from the date PJM received the request to deactivate Crawford units 7 and 8, but no later than December 31, 2014.

In accordance with Section 113.2 of the PJM Open Access Transmission Tariff (PJM Tariff), PJM Interconnection Analysis (and the affected Transmission Owner) performed a detailed study of the PJM 2012 Transmission System and did not identify any reliability violations resulting from the proposed deactivation of the Crawford 7 and 8 generating units.

Since there are no reliability violations associated with deactivation of these generating units, consistent with Section 113.2 of the PJM Tariff, the Crawford 7 and 8 generating units may be deactivated at any time. Please confirm the date on which you will deactivate this generating unit. If the Crawford 7 and 8 generating units are not deactivated until after May 2013, PJM will need to perform additional analysis. Also, Monitoring Analytics, LLC, the Independent Market Monitor for PJM, has indicated that they must also conclude a market power analysis prior to the generating units deactivation. Monitoring Analytics, LLC will be responding separately to you with their conclusions.

Please be advised that PJM's determination does not supersede any outstanding contractual obligations between the Crawford 7 and 8 generating units and any other parties that must be resolved before deactivating the generator.

In accordance with the PJM Tariff, Part VI, Subpart C, Section 230.3.3, the **Capacity** Interconnection Rights associated with Generating Capacity Resource will terminate one year from the **Deactivation Date** unless the holder of such rights submits a new Generation Interconnection Request **within one year** after the Deactivation Date. Also, if a generating unit is receiving Schedule 2 payments for Reactive Supply and Voltage Control, the generating unit owner must inform PJM when the unit is deactivated so that the payments may be adjusted.

Please contact Bill Patzin (610-666-4698) (patziw@pjm.com) in PJM's Interconnection Coordination Department to confirm the Deactivation Date or if you have any questions regarding PJM's analysis or the generator deactivation process.

Very truly yours,

A handwritten signature in blue ink that reads "Paul McGlynn". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Paul McGlynn
Director, System Planning

#694231

Attachment

cc: Michael J. Kormos, Senior Vice President, PJM (kormosmj@pjm.com)
Reem Fahey, Vice President, EMMT (rfahey@edisonmission.com)
Joseph Bowring (Joseph.Bowring@monitoringanalytics.com)

Deactivation Study
Crawford Generating Units Nos. 7 and 8

General

PJM received a deactivation notice from Midwest Generation LLC for the Crawford 7 and 8 generating units which have a capacity of 213 MW (U7) and 319 MW (U8). Midwest Generation LLC has requested a deactivation date of as soon as possible but no later than December 31, 2014.

Reliability Analysis Results

PJM Interconnection Analysis department performed the following studies for the 213 MW Crawford 7 and 319 MW Crawford 8 generating units and found no reliability violations:

- o **N-1 Thermal and Voltage Study**
 - None
- o **Generator Deliverability Study**
 - None
- o **N-1-1 Thermal and Voltage Study**
 - None
- o **Load Deliverability**
 - None

System Reinforcements

None

Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Valley Forge Corporate Center
Eagleville, PA 19403
Phone: 610-271-8050
Fax: 610-271-8057



VIA EMAIL

April 10, 2012

Reem Fahey
Vice President, Market Policy & Market Operations
Edison Mission Marketing & Trading

Re: Proposed Deactivation of Midwest Generation Units: Crawford 7 & 8, Fisk 19

Dear Ms. Fahey:

On March 8, 2012, Midwest Generation, LLC submitted to PJM Interconnection, L.L.C. notice of proposed permanent retirement of the Crawford units 7 & 8, no later than December 31, 2014 (or as early as approved by PJM) and the Fisk 19 unit, no later than December 31, 2012 (or as early as approved by PJM). Monitoring Analytics, acting in its capacity as the Independent Market Monitor for PJM (IMM), must perform a market power analysis of the proposed deactivation.

Section IV of Attachment M—Appendix to the PJM Open Access Transmission Tariff (OATT) provides:¹

[T]he Market Monitoring Unit shall analyze the effects of the proposed deactivation with regard to potential market power issues and shall notify the Office of the Interconnection and the generator owner (of [sic], if applicable, its designated agent) within 30 days of the deactivation request if a market power issue has been identified. Such notice shall include the specific market power impact resulting from the proposed deactivation of the generating unit, as well as an initial assessment of any steps that could be taken to mitigate the market power impact.

The IMM requested and received additional information from Midwest Generation. Based on our review, the IMM concludes that the decision to retire the above listed units does not appear to raise market power issues at this time.

¹ See also PJM Manual 14D (Generator Operational Requirements) § 9 at 67—68.

The IMM analysis did not consider any market power issues that could arise in connection with any PJM determination that reliable system operations may require this unit to continue operating after the retirement dates specified above.²

Please contact me if you have any questions about the information provided.

Sincerely,



Joseph E. Bowring

cc: Andy Ott, PJM Interconnection, L.L.C.
Michael Kormos, PJM Interconnection, L.L.C.

² See PJM OATT § V.