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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

AUG 21 2006

STATE OF ILLINOIS
Pollution Control Board

IN THE MATTER OF:

PROPOSED NEW 35 ILL.ADM.CODE PART 225
CONTROL OF EMISSIONS FROM
LARGE COMBUSTION SOURCES

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PCB R06-25
Rulemaking – Air

NOTICE OF FILING

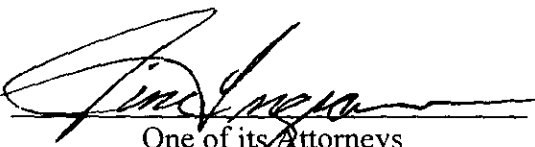
TO: The Persons Listed on the attached Certificate of Service

Please take notice that on August 21, 2006, I have filed with the Clerk of the Illinois Pollution Control Board the attached JOINT STATEMENT OF ILLINOIS ENVIRONMENTAL PROTECTION AGENCY AND DYNEGY MIDWEST GENERATION, a copy of which is herewith served upon you.

Dated this 21st day of August, 2006.

Respectfully submitted,

DYNEGY MIDWEST GENERATION, INC.

By: 
One of its Attorneys

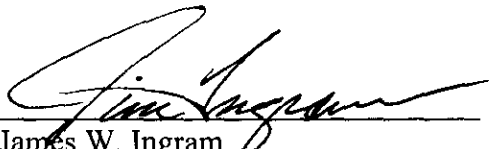
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Sr. Corporate Counsel
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Dynergy Midwest Generation, Inc.
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Houston, Texas 77002
Telephone: 713-767-0450

CERTIFICATE OF SERVICE

I, the undersigned, certify that on this 21st day of August, 2006, I have served by hand delivery the attached **NOTICE OF FILING** and attached **JOINT STATEMENT OF ILLINOIS ENVIRONMENTAL PROTECTION AGENCY AND DYNEGY MIDWEST GENERATION**, upon the following persons:

Dorothy Gunn, Clerk
Illinois Pollution Control Board
James R. Thompson Center
Suite 11-500
100 West Randolph
Chicago, Illinois 60601

and by hand delivery and/or first-class mail with postage prepaid and affixed, to the persons listed on the **ATTACHED SERVICE LIST**.



James W. Ingram

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STATE OF ILLINOIS
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PCB R06-25
Rulemaking – Air

**JOINT STATEMENT OF ILLINOIS ENVIRONMENTAL PROTECTION
AGENCY AND DYNEGY MIDWEST GENERATION, INC.**

NOW COME the Illinois Environmental Protection Agency (“Illinois EPA”) and
Dynergy Midwest Generation, Inc. (“Dynergy”), by their respective attorneys, and state as
follows:

On March 14, 2006 the Illinois EPA submitted to the Illinois Pollution Control
Board (“IPCB”) proposed 35 Ill. Adm. Code Part 225 to control emissions of mercury
from electric generating units. On May 23, 2006 Illinois EPA filed an amendment to the
proposed regulation that provided new Section 225.234 Temporary Technology Based
Standard (“TTBS”).

Beginning on June 12 and continuing through June 23, 2006 the IPCB conducted
a public evidentiary hearing on the Illinois EPA proposed regulation and the TTBS. The
Illinois EPA presented testimony supporting its proposed regulation and the TTBS and
Dynergy appeared and participated in that hearing.

On July 28, 2006 Ameren Energy Generating Company, AmerenEnergy Resource
Generating Company and Electric Energy, Inc. (collectively “Ameren”) and the Illinois
EPA filed the New Section 225.233 Multi-Pollutant Standards (“MPS”) along with a
Joint Statement supporting the inclusion of the proposed amendment with Illinois EPA’s
proposed regulation. As a result of negotiations between Dynergy and the Illinois EPA

subsequent to the filing of the New Section 225.233 Multi-Pollutant Standards, Dynegy states as follows:

1. Dynegy requests that the IPCB consider a revision of the New Section 225.233 Multi-Pollutant Standards proposed by Ameren and supported by the Illinois EPA that would differ from the MPS filed by Ameren and Illinois EPA as described below, and as reflected in Exhibit A attached hereto.

a. The “Base Emission Rate” under the MPS during the ozone season would be the average emission rate of NO_x from EGUs subject to the MPS, in pounds per million Btu heat input, for 2003 through 2005 ozone season, instead of the 2004 and 2005 ozone seasons;

b. The annual NO_x emission standard under the MPS, beginning in calendar year 2012 would be no more than 0.11 lb/mmBtu or a rate equivalent to 52% of the Base Annual Rate of NO_x emissions, whichever is more stringent, instead of 50% of the Base Annual Rate [revising Proposed New Section 225.233(e)(1)(A)];

c. The annual SO₂ emission standard under the MPS, during calendar years 2013 and 2014 would be no more than 0.33 lb/mmBtu or a rate equivalent to 44% of the Base Rate of SO₂ emissions, whichever is more stringent, instead of 35% of the Base Rate of SO₂ emissions [revising Proposed New Section 225.233(e)(2)(A)];

d. The annual SO₂ emission standard under the MPS, during calendar years 2015 and thereafter, would be no more than 0.25 lb/mmBtu or a rate equivalent to 35% of the Base Rate of SO₂ emissions, whichever is more

stringent, instead of 30% of the Base Rate of SO₂ emissions [revising Proposed New Section 225.233(e)(2)(B)];

e. The Control Technology Requirements for Emissions of Mercury under the MPS would allow EGUs that will be controlled by either an SO₂ scrubber or a fabric filter, instead of only an SO₂ scrubber, to install a listed sorbent, an alternative sorbent, or other technique to control mercury emissions by December 31, 2009 rather than July 1, 2009 [revising Proposed New Section 225.233(c)(1)(A)];

f. The MPS would allow up to 6% of the capacity of the MPS Group or each electric generating unit in an MPS Group with a capacity of less than 90 MW electing to comply with the MPS to postpone installation of a listed sorbent, an alternative sorbent, or other technique to control mercury emissions until January 1, 2013, instead of postponing such installation only for EGUs with capacity that is less than 90 MW [revising Proposed New Section 225.233(c)(1)(B)];

g. For any cyclone fired electric generating unit that will install a scrubber and baghouse by December 31, 2012 firing Subbituminous Coal that demonstrates a 75% reduction in mercury or an emission rate of 0.02 lb mercury/GWh of gross electrical output, as of July 1, 2009, the minimum rate of sorbent injection would be 2.5 pounds per million actual cubic feet, instead of 5 pounds per million actual cubic feet [revising Proposed New Section 225.233(c)(2)(C)];

2. Under the Consent Decree in *United States of America, et al. v. Illinois Power Company and Dynegy Midwest Generation, Inc.*, Dynegy has agreed to, and is obligated to install the following new emission control equipment on coal-fired EGUs in Illinois:

- a. Flue gas desulfurization (FGD) for the control of SO₂ emissions on Baldwin Units 1, 2 and 3 and Havana Unit 6 by December 31, 2012;
- b. Fabric filters for the control of Particulate Matter emissions on Baldwin Units 1, 2, and 3 and Havana Unit 6 by December 31, 2012; and
- c. A fabric filter and sorbent injection system for the control of mercury on its Vermilion Units 1 and 2 by June 30, 2007.

Dynegy has also agreed, and is obligated under the Consent Decree to operate its existing selective catalytic reduction (“SCR”) equipment on Baldwin Units 1 and 2 and Havana Unit 6 continuously throughout the year for the control of NO_x emissions.

3. Dynegy and the Illinois EPA anticipate that the installation and operation of pollution control equipment required to achieve the NO_x and SO₂ standards under the revised Proposed New Section 225.233 will achieve more reductions in NO_x and SO₂ emissions than are required under the Clean Air Interstate Rule or “CAIR” or under the Consent Decree for control of these pollutants. Dynegy and the Illinois EPA anticipate that these emission reductions will contribute to reductions in the ambient levels of ozone and PM_{2.5} and will benefit the residents of the State of Illinois. The revised Proposed Section 225.233 would require covered Dynegy EGUs to achieve an annual emission rate of 0.10 lb/mmBtu for NO_x by 2012 and 0.19 lb/mmBtu for SO₂ by 2015.

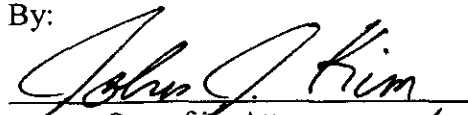
4. Dynegy and the Illinois EPA agree that compliance with the MPS revised as set forth herein, is both technically feasible and economically reasonable, and that the level of NO_x and SO₂ emission reductions required under the revised MPS is expected to contribute significantly to Illinois EPA's efforts to achieve attainment of the National Ambient Air Quality Standards, and that any further reductions needed would first be sought from other sources.

WHEREFORE, Dynegy requests that the IPCB promulgate the revised Section 225.233 attached hereto as part of any Part 225 regulation. The Illinois EPA agrees with the statements in this Joint Statement and supports promulgation of the revised Section 225.233 as part of the proposed Part 225.

Respectfully submitted,

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

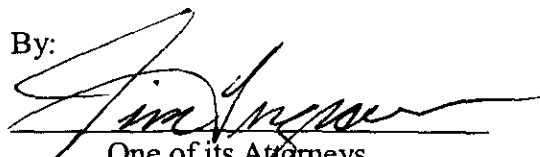
By:


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DYNEGY MIDWEST GENERATION,
INC.

By:



One of its Attorneys

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EXHIBIT A

A – 1

Illinois EPA and Dynegy Proposed
Revised Multi-Pollutant Standard
Showing Changes in Redline

[Add Citation to Definitions Section of the Illinois Mercury Rule]. Base Emission Rate means, for a group of EGUs subject to emission standards for NO_x and SO₂ pursuant to Section 225.233, the average emission rate of NO_x or SO₂ from the EGUs, in pounds per million Btu heat input, for calendar years 2003 through 2005 (or for seasonal NO_x, the 2003 through 4 and 2005 ozone seasons), as determined from the data collected and quality assured by the USEPA pursuant to the federal Acid Rain and NO_x Budget Trading Programs for emissions and heat input of the group of EGUs.

Section 225.233 Multi-Pollutant Standards (MPS)

a) General

- (1) As an alternative to compliance with the emissions standards of Section 225.230(a) of this Subpart, the owner of eligible EGUs may elect for such EGUs to comply with this Section, which establishes control requirements and standards for emissions of NO_x and SO₂, as well as emissions of mercury.
- (2) For the purpose of this Section:
 - (A) An eligible EGU is an EGU located in Illinois that commenced commercial operation on or before December 31, 2004.
 - (B) For the purposes of this Section, ownership of an eligible EGU is determined based on direct ownership, or by holding a majority interest in a company that owns an EGU or EGUs or by common ownership of the company that owns the EGU, whether through a parent /subsidiary relationship, as a sister corporation, or as an affiliated corporation with the same parent corporation, provided that the owner has the right or authority to submit a CAAPP application on behalf of the EGU.
- (3) The owner of one or more EGUs electing to comply with this Subpart by means of this Section must submit an application for a CAAPP permit modification to the Agency, as provided in Section 225.220 of this Subpart, that includes the information specified in subsection (b) of this Section and that clearly states the owner's election to comply with the provisions of this Section 225.233.
 - (A) If the owner of one or more EGUs elects to comply with this Subpart by means of this Section, then all EGUs it owns in Illinois as of July 1, 2006, as defined in subsection (a)(2)(B) of this Section, shall be thereafter subject to the standards and control requirements of this Section, except as provided in subsection (a)(3)(B) below. Such EGUs shall be referred to as an MPS Group.
 - (B) Notwithstanding the foregoing, the owner may exclude from the MPS Group any EGU scheduled for permanent shutdown that the owner so

designates in its CAAPP application required to be submitted pursuant to subsection (a)(3), with compliance for such unit(s) to be achieved by means of Section 225.235 of this Subpart.

- (4) When an EGU is subject to this Section, the requirements of this Section shall apply to all owners and operators of the EGU, and to the designated representative for the EGU.

b) Notice of Intent

The owner of one or more EGUs that intends to comply with this Subpart by means of this Section shall notify the Agency of its intention by December 31, 2007, which notification shall be accompanied by the following:

- (1) Identification of each of the EGUs that will be complying with this Subpart by means of the multi-pollutant standards contained in this Section, with evidence that the owner has identified all EGUs that it owns in Illinois as of July 1, 2006, and that commenced commercial operation on or before December 31, 2004.
- (2) If an EGU identified above is also owned or operated by an entity different than the owner submitting the notice of intent, a demonstration that the submitter has the right to commit the EGU or authorization from the responsible official for the EGU accepting the application.
- (3) The Base Emission Rates for the EGUs, with copies of supporting data and calculations.
- (4) A summary of the current control devices on the EGUs and identification of the additional control devices that will likely be needed for the EGUs to comply with emission control requirements of this section, including identification of the EGUs in the MPS group that will be addressed by subsection (c)(1)(B) of this Section, with information showing that the eligibility criteria for this paragraph are satisfied.
- (5) Identification of any EGU or EGUs that are scheduled for permanent shut down, as provided by Section 225.235, which will not be part of the MPS Group and will not be complying with this Subpart by means of this Section.

c) Control Technology Requirements for Emissions of Mercury:

- (1) (A) For each EGU in an MPS Group with a capacity of 90 MW or more, other than an EGU or EGUs that are addressed by paragraph (c)(1)(B) of this Section for the period beginning July 1, 2009 (or December 31, 2009 for an EGU for which an SO₂ scrubber or fabric filter is being installed to be in operation by December 31, 2009), and ending on December 31, 2014 (or such earlier date that the EGU is subject to the mercury emission

standard in subsection (d)(1) of this Section), the owner or operator of the EGU shall install, to the extent not already installed, and properly operate and maintain one of the following:

- (i) A Halogenated Activated Carbon Injection System, complying with the sorbent injection requirements of subsection (c)(2) of this Section, except as may be otherwise provided by subsection (c)(4) of this Section, ~~and followed by a Cold-Side Electrostatic Precipitator or Fabric Filter ; or~~
 - (ii) If the boiler fires bituminous coal, a Selective Catalytic Reduction (SCR) System and an SO₂ Scrubber.
- (B) For the EGUs in an MPS group, the owner of the EGUs may designate either individual EGUs with a capacity, in gross MW output, that is less than 115 MW each, provided that all EGUs aggregate capacity, in gross MW output, is no more than 4.0 percent of the total capacity of the EGUs in the MPS group that are not subject to subsection (c)(1)(A) of this Section. For such EGUs, For each EGU in an MPS Group with a capacity that is less than 90 MW, unless the EGU is subject to the emission standards in subsection (d)(2) of this Section, beginning on January 1, 2013, and continuing until such date that the owner or operator of the EGU commits to comply with the mercury emission standard in subsection (d)(2) of this Section, the owner or operator of the EGU shall install and properly operate and maintain a Halogenated Activated Carbon Injection System, complying with the sorbent injection requirements of subsection (c)(2), except as may be otherwise provided by subsection (c)(4) of this Section, and followed by either a Cold-Side Electrostatic Precipitator or Fabric Filter. The use of a properly installed, operated and maintained Halogenated Activated Carbon Injection System that meets the sorbent injection requirements of subsection (c)(2) of this Section is referred to as the "principal control technique."
- (2) For each EGU for which injection of halogenated activated carbon is required by subsection (c)(1) of this Section, the owner or operator of the EGU shall inject halogenated activated carbon in an optimum manner, which, except as provided in subsection (c)(4) of this Section, shall be deemed to be the following:
- (A) Use of an injection system designed for effective absorption of mercury, considering the configuration of the EGU and its ductwork;
 - (B) The injection of halogenated activated carbon manufactured by Alstom, Norit, or Sorbent Technologies, or the injection of other halogenated activated carbon or sorbent that the owner or operator of the EGU shows to have similar or better effectiveness for control of mercury emissions; and

(C) The injection of sorbent at the following minimum rates, as applicable:

- (i) For an EGU firing subbituminous coal, 5.0 pounds per million actual cubic feet or for any cyclone-fired EGU that will install a scrubber and baghouse by December 31, 2012, and already meeting an emission rate of 0.020 lb mercury/GWh gross electrical output or at least 75 percent reduction of input mercury, 2.5 pounds per million actual cubic feet.
- (ii) For an EGU firing bituminous coal, 10.0 pounds per million actual cubic feet or for any cyclone-fired EGU that will install a scrubber and baghouse by December 31, 2012, and already meeting an emission rate of 0.020 lb mercury/GWh gross electrical output or at least 75 percent reduction of input mercury, 5.0 pounds per million actual cubic feet.
- (iii) For an EGU firing a blend of subbituminous and bituminous coal, a rate that is the weighted average of the above rates, based on the blend of coal being fired.
- (iv) A rate or rates lower than the rate specified above may be set on a unit-specific basis to the extent that the owner or operator of the EGU demonstrates that such rate or rates are needed so that carbon injection will not increase particulate matter emissions or opacity so as to threaten compliance with applicable requirements for particulate matter or opacity.

For this purpose, flue gas flow rate shall be determined for the point of sorbent injection, provided, however, that this flow rate may be assumed to be identical to the stack flow rate if the gas temperatures at the point of injection and the stack are normally within 100° F, or may otherwise be calculated from the stack flow rate, corrected for the difference in gas temperatures.

- (3) The owner or operator of an EGU that seeks to operate an EGU with an activated carbon injection rate or rates that are set on a unit-specific basis pursuant to subsection (c)(2)(C)(iv) of this Section shall submit an application to the Agency proposing such rate or rates, and shall meet the following requirements:
 - (A) The application shall be submitted as an application for a new or revised federally enforceable operating permit for the EGU and include a summary of relevant mercury emission data for the EGU, the unit-specific injection rate or rates that are proposed and detailed information to support the proposed injection rate or rates.

- (B) This application shall be submitted no later than the date that activated carbon must first be injected. For example, the owner or operator of an EGU that must inject activated carbon ~~injection~~ pursuant to subsection (c)(1)(A) of this subsection shall apply for unit-specific injection rate or rates by July 1, 2009. Thereafter, the owner or operator of the EGU may supplement its application.
- (C) The decision of the Agency denying a permit or granting a permit with conditions that set a lower injection rate or rates may be appealed to the Board pursuant to Section 39 of the Act.
- (D) The owner or operator of an EGU may operate at the injection rate or rates proposed in its application until a final decision is made on the application, including a final decision on any appeal to the Board.
- (4) During an evaluation of the effectiveness of a listed sorbent, an alternative sorbent, or other technique to control mercury emissions, the owner or operator of an EGU need not comply with the requirements of subsection (c)(2) of this Section for such system as needed to carry out an evaluation of the practicality and effectiveness of such technique, as further provided below:
- (A) The owner or operator of the EGU shall conduct the evaluation in accordance with a formal evaluation program submitted to the Illinois EPA at least 30 days in advance.
- (B) The duration and scope of the evaluation shall not exceed the duration and scope reasonably needed to complete the desired evaluation of the alternative control technique, as initially addressed by the owner or owner in a support document submitted with the evaluation program.
- (C) The owner or operator of the EGU shall submit a report to the Illinois EPA no later than 30 days after the conclusion of the evaluation describing the evaluation that was conducted and providing the results of the evaluation.
- (D) If the evaluation of the alternative control technique shows less effective control of mercury emissions from the EGU than achieved with the principal control technique, the owner or operator of the EGU shall resume use of the principal control technique. If the evaluation of the alternative control technique shows comparable effectiveness to the principal control technique, the owner or operator of the EGU may either continue to use the alternative control technique in a manner that is at least as effective as the principal control technique or resume use of the principal control technique. If the evaluation of the alternative control technique shows more effective control of mercury emissions, the owner

or operator of the EGU shall continue to use the alternative control technique in a manner that is more effective than the principal control technique, if it continues to be subject to this subsection (c) of this Section.

- (5) In addition to complying with the applicable recordkeeping and monitoring requirements in Sections 225.240 through 225.290 of this Subpart, the owner or operator of an EGU electing to comply with this Subpart by means of this Section shall also:
 - (A) For the first 36 months that injection of sorbent is required, maintain records of the usage of sorbent, the exhaust gas flow rate from the EGU, and the sorbent feed rate, in pounds per million actual cubic feet of exhaust gas at the injection point, on a weekly average.
 - (B) After the first 36 months that injection of sorbent is required, monitor activated sorbent feed rate to the EGU, flue gas temperature at the point of sorbent injection, and exhaust gas flow rate from the EGU, automatically recording this data and the sorbent carbon feed rate, in pounds per million actual cubic feet of exhaust gas at the injection point, on an hourly average.
 - (C) If a blend of bituminous and sub-bituminous coal is fired in the EGU, keep records of the amount of each type of coal burned and the required injection rate for injection of activated carbon, on a weekly basis.
- (6) In addition to complying with the applicable reporting requirements in Sections 225.240 through 225.290 of this Subpart, the owner or operator of an EGU electing to comply with this Subpart by means of this Section shall also submit quarterly reports for the recordkeeping and monitoring conducted pursuant to subsection (c)(5) of this Section.

d) Emission Standards for Mercury

- (1) For each EGU in an MPS Group with a capacity that is ~~90~~115 MW or more, beginning January 1, 2015 (or such earlier date that the owner or operator of the EGU notifies the Agency that it will comply with these standards) and thereafter, the owner or operator of the EGU shall comply with one of the following standards on a rolling 12-month basis:
 - (A) An emission standard of 0.0080 lb mercury/GWh gross electrical output;
or
 - (B) A minimum 90-percent reduction of input mercury.

(2) For each EGU in an MPS Group ~~with a capacity that is less than 400 MW that has been addressed under subsection (c)(1)(B) of this Section~~, beginning on the date that the owner or operator of the EGU notifies the Agency that it will comply with these standards and thereafter, the owner or operator of the EGU shall comply with one of the following standards on a rolling 12-month basis:

(A) An emission standard of 0.0080 lb mercury/GWh gross electrical output; or

(B) A minimum 90-percent reduction of input mercury.

(3) Compliance with the mercury emission standard or reduction requirement shall be calculated in accordance with Section 225.230(a) or (d) of this Subpart.

e) Emission Standards for NO_x and SO₂

(1) NO_x Emission Standards:

(A) Beginning in calendar year 2012, and each calendar thereafter, for the EGUs in each MPS Group, the owners and operators of the EGUs shall comply with an overall NO_x annual emission rate of no more than 0.11 lbs/million Btu or a rate equivalent to ~~52.50~~ percent of the Base Annual Rate of NO_x emissions, whichever is more stringent.

(B) Beginning in the 2012 ozone season and each ozone season thereafter, for the EGUs in each MPS Group, the owners and operators of the EGUs shall comply with an overall NO_x seasonal emission rate of no more than 0.11 lbs/million Btu or a rate equivalent to 80 percent of the Base Seasonal Rate of NO_x emissions, whichever is more stringent.

(2) SO₂ Emissions Standards:

(A) Beginning in calendar year 2013 and continuing in calendar year 2014, for the EGUs in each MPS Group, the owners or operators of EGUs shall comply with an overall SO₂ annual emission rate of 0.33 lbs/million Btu or a rate equivalent to ~~44.35~~ percent of the Base Rate of SO₂ emissions, whichever is more stringent.

(B) Beginning in calendar year 2015, and continuing in each calendar year thereafter, for the EGUs in each MPS Grouping, the owners or operators of EGUs shall comply with an overall annual emission rate for SO₂ of 0.25 lbs/million Btu or a rate equivalent to ~~35.30~~ percent of the Base Rate of SO₂ emissions, whichever is more stringent.

(3) Compliance with the NO_x and SO₂ emission standards shall be determined in accordance with Sections 225.310, 225.410, and 225.510 of this Part. The owners

or operators of EGUs must complete the determination of compliance by March 1 of the following year for annual standards and by November 1 for seasonal standards, by which date a compliance report shall be submitted to the Agency.

f) Requirements for NO_x and SO₂ Allowances

- (1) The owners or operators of EGUs in an MPS Group shall not sell or trade to any person or otherwise exchange with or give to any person NO_x allowances allocated to the EGUs in the MPS Group for vintage years 2012 and beyond that would otherwise be available for sale, trade or exchange as a result of actions taken to comply with the standards in subsection (e) of this Section. Such allowances that are not retired for compliance shall be surrendered to the Agency on an annual basis, beginning in calendar year 2013. This provision does not apply to the use, sale, exchange, gift or trade of allowances among the EGUs in an MPS Group.
- (2) The owners or operators of EGUs in an MPS Group shall not sell or trade to any person or otherwise exchange with or give to any person SO₂ allowances allocated to the EGUs in the MPS Group for vintage years 2013 and beyond that would otherwise be available for sale or trade as a result of actions taken to comply with the standards in subsection (e) of this Section. Such allowances that are not retired for compliance or otherwise surrendered pursuant to a consent decree to which the State of Illinois is a party, shall be surrendered to the Agency on an annual basis, beginning in calendar year 2014. This provision does not apply to the use, sale, exchange, gift or trade of allowances among the EGUs in an MPS Group.
- (3) The provisions of this subsection do not restrict or inhibit the sale or trading of allowances that become available from one or more EGUs in a MPS Group as a result of holding allowances that represent over-compliance with the NO_x or SO₂ standard in subsection (e) of this Section, once such a standard becomes effective, whether such over-compliance results from control equipment, fuel changes, changes in the method of operation or unit shut downs, or for other reasons.
- (4) For purposes of this subsection, NO_x and SO₂ allowances shall mean allowances necessary for compliance with Sections 225.310, 225.410, 225.510 of this Part, 40 CFR Part 72, or 40 CFR 96.101, *et seq.*, and 40 CFR 96.301, *et seq.* The provisions of this Section do not prohibit the owners or operators of EGUs in an MPS Group from purchasing or otherwise obtaining allowances from other sources as allowed by law for purposes of complying with federal or state requirements, excluding specifically the requirements of this Section.
- (5) By March 1, 2010, and continuing each year thereafter, the owner or operator of EGUs in an MPS Group shall submit a report to the Agency demonstrating compliance with the requirements of this subsection for the previous year, which shall include identification of any allowances that have been surrendered to the

USEPA or to the Agency, and identification of any allowances that were sold, gifted, used, exchanged or traded because they became available due to over-compliance.

- g) Notwithstanding 35 Ill. Adm. Code 201.146(hhh), until an EGU has complied with the applicable emission standards of subsections (d) and (e) of this Section for 12 months, the owner or operator of the EGU shall obtain a construction permit for any new or modified air pollution control equipment proposed to be constructed for emissions of mercury, NO_x or SO₂.

A – 2

Illinois EPA and Dynegy Proposed
Revised Multi-Pollutant Standard
Clean

[Add Citation to Definitions Section of the Illinois Mercury Rule]. Base Emission Rate means, for a group of EGUs subject to emission standards for NO_x and SO₂ pursuant to Section 225.233, the average emission rate of NO_x or SO₂ from the EGUs, in pounds per million Btu heat input, for calendar years 2003 through 2005 (or for seasonal NO_x, the 2003 through 2005 ozone seasons), as determined from the data collected and quality assured by the USEPA pursuant to the federal Acid Rain and NO_x Budget Trading Programs for emissions and heat input of the group of EGUs.

Section 225.233 Multi-Pollutant Standards (MPS)

a) General

- (1) As an alternative to compliance with the emissions standards of Section 225.230(a) of this Subpart, the owner of eligible EGUs may elect for such EGUs to comply with this Section, which establishes control requirements and standards for emissions of NO_x and SO₂, as well as emissions of mercury.
- (2) For the purpose of this Section:
 - (A) An eligible EGU is an EGU located in Illinois that commenced commercial operation on or before December 31, 2004.
 - (B) For the purposes of this Section, ownership of an eligible EGU is determined based on direct ownership, or by holding a majority interest in a company that owns an EGU or EGUs or by common ownership of the company that owns the EGU, whether through a parent /subsidiary relationship, as a sister corporation, or as an affiliated corporation with the same parent corporation, provided that the owner has the right or authority to submit a CAAPP application on behalf of the EGU.
- (3) The owner of one or more EGUs electing to comply with this Subpart by means of this Section must submit an application for a CAAPP permit modification to the Agency, as provided in Section 225.220 of this Subpart, that includes the information specified in subsection (b) of this Section and that clearly states the owner's election to comply with the provisions of this Section 225.233.
 - (A) If the owner of one or more EGUs elects to comply with this Subpart by means of this Section, then all EGUs it owns in Illinois as of July 1, 2006, as defined in subsection (a)(2)(B) of this Section, shall be thereafter subject to the standards and control requirements of this Section, except as provided in subsection (a)(3)(B) below. Such EGUs shall be referred to as an MPS Group.
 - (B) Notwithstanding the foregoing, the owner may exclude from the MPS Group any EGU scheduled for permanent shutdown that the owner so

designates in its CAAPP application required to be submitted pursuant to subsection (a)(3), with compliance for such unit(s) to be achieved by means of Section 225.235 of this Subpart.

- (4) When an EGU is subject to this Section, the requirements of this Section shall apply to all owners and operators of the EGU, and to the designated representative for the EGU.

b) Notice of Intent

The owner of one or more EGUs that intends to comply with this Subpart by means of this Section shall notify the Agency of its intention by December 31, 2007, which notification shall be accompanied by the following:

- (1) Identification of each of the EGUs that will be complying with this Subpart by means of the multi-pollutant standards contained in this Section, with evidence that the owner has identified all EGUs that it owns in Illinois as of July 1, 2006, and that commenced commercial operation on or before December 31, 2004.
- (2) If an EGU identified above is also owned or operated by an entity different than the owner submitting the notice of intent, a demonstration that the submitter has the right to commit the EGU or authorization from the responsible official for the EGU accepting the application.
- (3) The Base Emission Rates for the EGUs, with copies of supporting data and calculations.
- (4) A summary of the current control devices on the EGUs and identification of the additional control devices that will likely be needed for the EGUs to comply with emission control requirements of this section, including identification of the EGUs in the MPS group that will be addressed by subsection (c)(1)(B) of this Section, with information showing that the eligibility criteria for this paragraph are satisfied.
- (5) Identification of any EGU or EGUs that are scheduled for permanent shut down, as provided by Section 225.235, which will not be part of the MPS Group and will not be complying with this Subpart by means of this Section.

c) Control Technology Requirements for Emissions of Mercury:

- (1) (A) For each EGU in an MPS Group other than an EGU or EGUs that are addressed by paragraph (c)(1)(B) of this Section for the period beginning July 1, 2009 (or December 31, 2009 for an EGU for which an SO₂ scrubber or fabric filter is being installed to be in operation by December 31, 2009), and ending on December 31, 2014 (or such earlier date that the EGU is subject to the mercury emission standard in subsection (d)(1) of

this Section), the owner or operator of the EGU shall install, to the extent not already installed, and properly operate and maintain one of the following:

- (i) A Halogenated Activated Carbon Injection System, complying with the sorbent injection requirements of subsection (c)(2) of this Section, except as may be otherwise provided by subsection (c)(4) of this Section and followed by a Cold-Side Electrostatic Precipitator or Fabric Filter ; or
 - (ii) If the boiler fires bituminous coal, a Selective Catalytic Reduction (SCR) System and an SO₂ Scrubber.
 - (B) For the EGUs in an MPS group, the owner of the EGUs may designate either individual EGUs with a capacity, in gross MW output, that is less than 115 MW each, provided that all EGUs aggregate capacity, in gross MW output, is no more than 4.0 percent of the total capacity of the EGUs in the MPS group that are not subject to subsection (c)(1)(A) of this Section. For such EGUs, unless the EGU is subject to the emission standards in subsection (d)(2) of this Section, beginning on January 1, 2013, and continuing until such date that the owner or operator of the EGU commits to comply with the mercury emission standard in subsection (d)(2) of this Section, the owner or operator of the EGU shall install and properly operate and maintain a Halogenated Activated Carbon Injection System, complying with the sorbent injection requirements of subsection (c)(2), except as may be otherwise provided by subsection (c)(4) of this Section, and followed by either a Cold-Side Electrostatic Precipitator or Fabric Filter. The use of a properly installed, operated and maintained Halogenated Activated Carbon Injection System that meets the sorbent injection requirements of subsection (c)(2) of this Section is referred to as the “principal control technique.”
- (2) For each EGU for which injection of halogenated activated carbon is required by subsection (c)(1) of this Section, the owner or operator of the EGU shall inject halogenated activated carbon in an optimum manner, which, except as provided in subsection (c)(4) of this Section, shall be deemed to be the following:
- (A) Use of an injection system designed for effective absorption of mercury, considering the configuration of the EGU and its ductwork;
 - (B) The injection of halogenated activated carbon manufactured by Alstom, Norit, or Sorbent Technologies, or the injection of other halogenated activated carbon or sorbent that the owner or operator of the EGU shows to have similar or better effectiveness for control of mercury emissions; and

(C) The injection of sorbent at the following minimum rates, as applicable:

- (i) For an EGU firing subbituminous coal, 5.0 pounds per million actual cubic feet or for any cyclone-fired EGU that will install a scrubber and baghouse by December 31, 2012, and already meeting an emission rate of 0.020 lb mercury/GWh gross electrical output or at least 75 percent reduction of input mercury, 2.5 pounds per million actual cubic feet.
- (ii) For an EGU firing bituminous coal, 10.0 pounds per million actual cubic feet or for any cyclone-fired EGU that will install a scrubber and baghouse by December 31, 2012, and already meeting an emission rate of 0.020 lb mercury/GWh gross electrical output or at least 75 percent reduction of input mercury, 5.0 pounds per million actual cubic feet.
- (iii) For an EGU firing a blend of subbituminous and bituminous coal, a rate that is the weighted average of the above rates, based on the blend of coal being fired.
- (iv) A rate or rates lower than the rate specified above may be set on a unit-specific basis to the extent that the owner or operator of the EGU demonstrates that such rate or rates are needed so that carbon injection will not increase particulate matter emissions or opacity so as to threaten compliance with applicable requirements for particulate matter or opacity.

For this purpose, flue gas flow rate shall be determined for the point of sorbent injection, provided, however, that this flow rate may be assumed to be identical to the stack flow rate if the gas temperatures at the point of injection and the stack are normally within 100° F, or may otherwise be calculated from the stack flow rate, corrected for the difference in gas temperatures.

- (3) The owner or operator of an EGU that seeks to operate an EGU with an activated carbon injection rate or rates that are set on a unit-specific basis pursuant to subsection (c)(2)(C)(iv) of this Section shall submit an application to the Agency proposing such rate or rates, and shall meet the following requirements:
 - (A) The application shall be submitted as an application for a new or revised federally enforceable operating permit for the EGU and include a summary of relevant mercury emission data for the EGU, the unit-specific injection rate or rates that are proposed and detailed information to support the proposed injection rate or rates.
 - (B) This application shall be submitted no later than the date that activated carbon must first be injected. For example, the owner or operator of an

EGU that must inject activated carbon pursuant to subsection (c)(1)(A) of this subsection shall apply for unit-specific injection rate or rates by July 1, 2009. Thereafter, the owner or operator of the EGU may supplement its application.

- (C) The decision of the Agency denying a permit or granting a permit with conditions that set a lower injection rate or rates may be appealed to the Board pursuant to Section 39 of the Act.
 - (D) The owner or operator of an EGU may operate at the injection rate or rates proposed in its application until a final decision is made on the application, including a final decision on any appeal to the Board.
- (4) During an evaluation of the effectiveness of a listed sorbent, an alternative sorbent, or other technique to control mercury emissions, the owner or operator of an EGU need not comply with the requirements of subsection (c)(2) of this Section for such system as needed to carry out an evaluation of the practicality and effectiveness of such technique, as further provided below:
- (A) The owner or operator of the EGU shall conduct the evaluation in accordance with a formal evaluation program submitted to the Illinois EPA at least 30 days in advance.
 - (B) The duration and scope of the evaluation shall not exceed the duration and scope reasonably needed to complete the desired evaluation of the alternative control technique, as initially addressed by the owner or owner in a support document submitted with the evaluation program.
 - (C) The owner or operator of the EGU shall submit a report to the Illinois EPA no later than 30 days after the conclusion of the evaluation describing the evaluation that was conducted and providing the results of the evaluation.
 - (D) If the evaluation of the alternative control technique shows less effective control of mercury emissions from the EGU than achieved with the principal control technique, the owner or operator of the EGU shall resume use of the principal control technique. If the evaluation of the alternative control technique shows comparable effectiveness to the principal control technique, the owner or operator of the EGU may either continue to use the alternative control technique in a manner that is at least as effective as the principal control technique or resume use of the principal control technique. If the evaluation of the alternative control technique shows more effective control of mercury emissions, the owner or operator of the EGU shall continue to use the alternative control technique in a manner that is more effective than the principal control

technique, if it continues to be subject to this subsection (c) of this Section.

- (5) In addition to complying with the applicable recordkeeping and monitoring requirements in Sections 225.240 through 225.290 of this Subpart, the owner or operator of an EGU electing to comply with this Subpart by means of this Section shall also:
 - (A) For the first 36 months that injection of sorbent is required, maintain records of the usage of sorbent, the exhaust gas flow rate from the EGU, and the sorbent feed rate, in pounds per million actual cubic feet of exhaust gas at the injection point, on a weekly average.
 - (B) After the first 36 months that injection of sorbent is required, monitor activated sorbent feed rate to the EGU, flue gas temperature at the point of sorbent injection, and exhaust gas flow rate from the EGU, automatically recording this data and the sorbent carbon feed rate, in pounds per million actual cubic feet of exhaust gas at the injection point, on an hourly average.
 - (C) If a blend of bituminous and sub-bituminous coal is fired in the EGU, keep records of the amount of each type of coal burned and the required injection rate for injection of activated carbon, on a weekly basis.
- (6) In addition to complying with the applicable reporting requirements in Sections 225.240 through 225.290 of this Subpart, the owner or operator of an EGU electing to comply with this Subpart by means of this Section shall also submit quarterly reports for the recordkeeping and monitoring conducted pursuant to subsection (c)(5) of this Section.

d) Emission Standards for Mercury

- (1) For each EGU in an MPS Group with a capacity that is 115 MW or more, beginning January 1, 2015 (or such earlier date that the owner or operator of the EGU notifies the Agency that it will comply with these standards) and thereafter, the owner or operator of the EGU shall comply with one of the following standards on a rolling 12-month basis:
 - (A) An emission standard of 0.0080 lb mercury/GWh gross electrical output;
or
 - (B) A minimum 90-percent reduction of input mercury.
- (2) For each EGU in an MPS Group that has been addressed under subsection (c)(1)(B) of this Section, beginning on the date that the owner or operator of the EGU notifies the Agency that it will comply with these standards and thereafter,

the owner or operator of the EGU shall comply with one of the following standards on a rolling 12-month basis:

- (A) An emission standard of 0.0080 lb mercury/GWh gross electrical output;
or
 - (B) A minimum 90-percent reduction of input mercury.
- (3) Compliance with the mercury emission standard or reduction requirement shall be calculated in accordance with Section 225.230(a) or (d) of this Subpart.
- e) Emission Standards for NO_x and SO₂
- (1) NO_x Emission Standards:
- (A) Beginning in calendar year 2012, and each calendar thereafter, for the EGUs in each MPS Group, the owners and operators of the EGUs shall comply with an overall NO_x annual emission rate of no more than 0.11 lbs/million Btu or a rate equivalent to 52 percent of the Base Annual Rate of NO_x emissions, whichever is more stringent.
 - (B) Beginning in the 2012 ozone season and each ozone season thereafter, for the EGUs in each MPS Group, the owners and operators of the EGUs shall comply with an overall NO_x seasonal emission rate of no more than 0.11 lbs/million Btu or a rate equivalent to 80 percent of the Base Seasonal Rate of NO_x emissions, whichever is more stringent.
- (2) SO₂ Emissions Standards:
- (A) Beginning in calendar year 2013 and continuing in calendar year 2014, for the EGUs in each MPS Group, the owners or operators of EGUs shall comply with an overall SO₂ annual emission rate of 0.33 lbs/million Btu or a rate equivalent to 44 percent of the Base Rate of SO₂ emissions, whichever is more stringent.
 - (B) Beginning in calendar year 2015, and continuing in each calendar year thereafter, for the EGUs in each MPS Grouping, the owners or operators of EGUs shall comply with an overall annual emission rate for SO₂ of 0.25 lbs/million Btu or a rate equivalent to 35 percent of the Base Rate of SO₂ emissions, whichever is more stringent.
- (3) Compliance with the NO_x and SO₂ emission standards shall be determined in accordance with Sections 225.310, 225.410, and 225.510 of this Part. The owners or operators of EGUs must complete the determination of compliance by March 1 of the following year for annual standards and by November 1 for seasonal standards, by which date a compliance report shall be submitted to the Agency.

f) Requirements for NO_x and SO₂ Allowances

- (1) The owners or operators of EGUs in an MPS Group shall not sell or trade to any person or otherwise exchange with or give to any person NO_x allowances allocated to the EGUs in the MPS Group for vintage years 2012 and beyond that would otherwise be available for sale, trade or exchange as a result of actions taken to comply with the standards in subsection (e) of this Section. Such allowances that are not retired for compliance shall be surrendered to the Agency on an annual basis, beginning in calendar year 2013. This provision does not apply to the use, sale, exchange, gift or trade of allowances among the EGUs in an MPS Group.
- (2) The owners or operators of EGUs in an MPS Group shall not sell or trade to any person or otherwise exchange with or give to any person SO₂ allowances allocated to the EGUs in the MPS Group for vintage years 2013 and beyond that would otherwise be available for sale or trade as a result of actions taken to comply with the standards in subsection (e) of this Section. Such allowances that are not retired for compliance or otherwise surrendered pursuant to a consent decree to which the State of Illinois is a party, shall be surrendered to the Agency on an annual basis, beginning in calendar year 2014. This provision does not apply to the use, sale, exchange, gift or trade of allowances among the EGUs in an MPS Group.
- (3) The provisions of this subsection do not restrict or inhibit the sale or trading of allowances that become available from one or more EGUs in a MPS Group as a result of holding allowances that represent over-compliance with the NO_x or SO₂ standard in subsection (e) of this Section, once such a standard becomes effective, whether such over-compliance results from control equipment, fuel changes, changes in the method of operation or unit shut downs, or for other reasons.
- (4) For purposes of this subsection, NO_x and SO₂ allowances shall mean allowances necessary for compliance with Sections 225.310, 225.410, 225.510 of this Part, 40 CFR Part 72, or 40 CFR 96.101, *et seq.*, and 40 CFR 96.301, *et seq.* The provisions of this Section do not prohibit the owners or operators of EGUs in an MPS Group from purchasing or otherwise obtaining allowances from other sources as allowed by law for purposes of complying with federal or state requirements, excluding specifically the requirements of this Section.
- (5) By March 1, 2010, and continuing each year thereafter, the owner or operator of EGUs in an MPS Group shall submit a report to the Agency demonstrating compliance with the requirements of this subsection for the previous year, which shall include identification of any allowances that have been surrendered to the USEPA or to the Agency, and identification of any allowances that were sold, gifted, used, exchanged or traded because they became available due to over-compliance.

- g) Notwithstanding 35 Ill. Adm. Code 201.146(hhh), until an EGU has complied with the applicable emission standards of subsections (d) and (e) of this Section for 12 months, the owner or operator of the EGU shall obtain a construction permit for any new or modified air pollution control equipment proposed to be constructed for emissions of mercury, NO_x or SO₂.