

**BEFORE THE ILLINOIS POLLUTION CONTROL BOARD  
OF THE STATE OF ILLINOIS**

|   |   |                           |
|---|---|---------------------------|
| DYNEGY MIDWEST GENERATION, INC.                 | ) |                           |
| Flue Gas Desulfurization Systems, PM Collection | ) |                           |
| Devices and Sorbent Injection Systems for       | ) |                           |
| Baldwin Station, Unit Nos. 1 & 2                | ) | PCB 14-                   |
|   | ) | (Tax Certification - Air) |
|   | ) |                           |
| PROPERTY IDENTIFICATION NUMBER                  | ) |                           |
| 09-012-003-00 or portion thereof                | ) |                           |

**NOTICE**

TO: *[Electronic filing]*  
 John Therriault, Clerk  
 Illinois Pollution Control Board  
 State of Illinois Center  
 100 W. Randolph Street, Suite 11-500  
 Chicago, Illinois 60601

*[Service by mail]*  
 Rick Diericx  
 Dynegy Midwest Generation, Inc.  
 604 Pierce Boulevard  
 O'Fallon, Illinois 62269

*[Service by mail]*  
 Steve Santarelli  
 Illinois Department of Revenue  
 101 West Jefferson  
 P.O. Box 19033  
 Springfield, Illinois 62794

PLEASE TAKE NOTICE that I have today electronically filed with the Office of the Pollution Control Board the **APPEARANCE** and **RECOMMENDATION** of the Illinois Environmental Protection Agency, a paper copy of which is herewith served upon the applicant and a representative of the Illinois Department of Revenue.

Respectfully submitted by,

*/s/ Robb H. Layman*

Robb H. Layman  
Assistant Counsel

Date: December 2, 2013

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
 1021 North Grand Avenue East  
 P.O. Box 19276  
 Springfield, IL 62794-9276  
 Telephone: (217) 524-9137



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|   | ) |                           |
| PROPERTY IDENTIFICATION NUMBER                  | ) |                           |
| 09-012-003-00 or portion thereof                | ) |                           |

**RECOMMENDATION**

NOW COMES the ILLINOIS ENVIRONMENTAL PROTECTION AGENCY (“Illinois EPA”), through its attorneys, and pursuant to 35 Ill. Adm. Code 125.204 of the ILLINOIS POLLUTION CONTROL BOARD’S (“Board”) procedural regulations, files the Illinois EPA’s Recommendation in the above-referenced request for tax certification of pollution control facilities. The Illinois EPA recommends **issuance** of a tax certification covering the subject matter of the request. In support thereof, the Illinois EPA states as follows:

1. On or about October 20, 2008, the Illinois EPA received an application and supporting information from DYNEGY MIDWEST GENERATION, LLC, (“Dynergy Midwest Gen”) concerning the proposed tax certification of certain air emission sources and/or equipment located at its Baldwin generating station in Randolph County, Illinois. A copy of the application is attached hereto. [Exhibit A]. Following a belated discovery that the application had been misplaced, the Illinois EPA’s undersigned attorney sought and obtained verbal confirmation from Dynergy Midwest Gen concerning the continuing need for certification of the subject sources and/or equipment on November 26, 2013.

2. The applicant’s business address is as follows:

Dynergy Midwest Generation, Inc.  
604 Pierce Boulevard  
O’Fallon, Illinois 62269

3. The facility address is as follows:

Dynegy Midwest Generation  
Baldwin Station  
10901 Baldwin Road  
Baldwin, Illinois 62217

4. The subject matter of this request consists of two Flue Gas Desulfurization Systems (also known as "SO<sub>2</sub> scrubbers"), two new particulate matter ("PM") Collection Devices (also known as "baghouses") and two Sorbent Injection Systems, which were constructed and installed by Dynegy Midwest Gen on Unit Nos. 1 & 2, Boiler Nos. 1 & 2, respectively, of the Baldwin Station. According to the application, the project was implemented to fulfill the requirements of a federal consent decree and to comply with the requirements of the Illinois mercury rule promulgated by the Board. As generally recognized in the field of air pollution control technology, each of the systems and/or devices is a type of air pollution control that acts to prevent or reduce mercury emissions that would otherwise be emitted by the affected boiler operations.

5. Section 11-10 of the Property Tax Code, 35 ILCS 200/11-10 (2002), defines "pollution control facilities" as:

"any system, method, construction, device or appliance appurtenant thereto, or any portion of any building or equipment, that is designed, constructed, installed or operated for the primary purpose of: (a) eliminating, preventing, or reducing air or water pollution... or (b) treating, pretreating, modifying or disposing of any potential solid, liquid, gaseous pollutant which if released without treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property."

6. Pollution control facilities are entitled to preferential tax treatment, as provided by 35 ILCS 200/11-5 (2002).

7. Based on information in the application and the primary purpose of the Flue Gas Desulfurization Systems, the PM Collection Devices and the Sorbent Injection Systems to prevent or reduce air pollution, it is the Illinois EPA's engineering judgment that the systems and/or devices may be considered as "pollution control facilities" in accordance with the statutory definition and consistent with the Board's regulations at 35 Ill. Adm. Code 125.200.

**[Exhibit B].**

8. Because the information in the application demonstrates that the Flue Gas Desulfurization Systems, the PM Collection Devices and the Sorbent Injection Systems satisfy the aforementioned statutory and regulatory criteria, the Illinois EPA recommends that the Board **issue** the applicant's requested tax certification.

Respectfully submitted by,

/s/ Robb H. Layman

Robb H. Layman  
Assistant Counsel

DATED: December 2, 2013

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
1021 North Grand Avenue East  
P.O. Box 19276  
Springfield, Illinois 62794-9276  
Telephone: (217) 524-9137

**CERTIFICATE OF SERVICE**

I hereby certify that on the 2<sup>nd</sup> day of December, 2013, I electronically filed the following instruments entitled **NOTICE, APPEARANCE** and **RECOMMENDATION** with:

John Therriault, Clerk  
Illinois Pollution Control Board  
100 West Randolph Street  
Suite 11-500  
Chicago, Illinois 60601

and, further, that I did send a true and correct paper copy of the same foregoing instruments, by First Class Mail with postage thereon fully paid and deposited into the possession of the United States Postal Service, to:

Steve Santarelli  
Illinois Department of Revenue  
101 West Jefferson  
P.O. Box 19033  
Springfield, Illinois 62794

Dynegy Midwest Generation, Inc.  
Rick Diericx  
604 Pierce Boulevard  
O'Fallon, Illinois 62269

1st Robb H. Layman  
Robb H. Layman  
Assistant Counsel

Dynergy Midwest Region Operations  
A Division of Dynergy Inc.  
604 Pierce Boulevard  
O'Fallon, IL 62269

October 14, 2008

Mr. Edwin C. Bakowski, P.E.  
Acting Manager, Permit Section  
Illinois Environmental Protection Agency  
Bureau of Air  
1021 N. Grand Ave. East  
P.O. Box 19276  
Springfield, IL 62794-9276



Mr. Bakowski:

**Applications for Pollution Control Facility Tax Certifications  
Baldwin Energy Complex  
Site ID No. 157851AAA**

Dynergy is submitting herein five applications (Form APC-151) for pollution control facility tax certifications for pollution control systems soon to be installed on generating Units 1, 2, and 3 at its Baldwin Energy Complex. Two of the applications are for the spray dryer absorber, activated carbon injection, and fabric filter systems to be installed on all three units. The other three application forms are for the mercury sorbent trap monitoring equipment for each of these units.

These systems are being installed so as to satisfy the terms and conditions of a 2005 Consent Decree between Dynergy, Inc. and the U.S. Department of Justice, and the requirements of the State of Illinois Mercury Rule. Construction permits have previously been issued by the IEPA for the spray dryer absorber, activated carbon injection, and fabric filter systems, and those construction permit nos. are noted on the enclosed forms.

Feel free to contact me (tel. no. 618-206-5912) or Rick Kelley (tel. no. 618-206-5929) if you have questions regarding the enclosed application forms.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Diericx". The signature is fluid and cursive, written over a light-colored background.

Rick Diericx, Sr. Director  
Operations Environmental Compliance

**RECEIVED  
STATE OF ILLINOIS**

OCT 20 2008

Environmental Protection Agency  
BUREAU OF AIR

Exhibit A

cc:

- (1) Rick Barton – Suite 306, 133 So. 4<sup>th</sup> St., Springfield, IL 62701-1232
- (2) Jeremy Sandel/Jon R. Harris - Tax Department; Dynegy Corporate Office; 1000 Louisiana St., Houston, TX 77002
- (3) Bill Portz – Baldwin Energy Complex, 10901 Baldwin Rd., Box 146, Baldwin, IL 62217
- (4) Wendell Watson/Rick Kelley/Tom Davis – Operations Environmental Compliance; O'Fallon, IL Office
- (5) Rick Diericx Reading File – O'Fallon, IL Office

Path

G:\EATax Credit Certifications\Baldwin\State Applications\BA; Units 1,2, and 3; SDA, ACI, Mercury Sorbent Traps, and FF Certification Applications to IEPA.doc

APPLICATION FOR CERTIFICATION (PROPERTY TAX TREATMENT)

POLLUTION CONTROL FACILITY

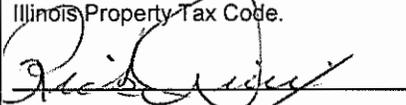
AIR  WATER

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
P. O. Box 19276, Springfield, IL 62794-9276

This Agency is authorized to request this information under Illinois Revised Statutes, 1979, Chapter, 120, Section 502a-5. Disclosure of this information is voluntary. However, failure to comply could prevent your application from being processed or could result in denial of your application for certification.

FOR AGENCY USE

| File No.  | Date Received   | Certification No. | Date   |  |                     |
|---|---|-------------------|--|--|---------------------|
| Sec. A<br><br><br><br><br><br><br><br><br><br><br>APPLICANT | Company Name<br>Dynergy Midwest Generation, Inc.  |                   |  | Person to Contact for Additional Details<br>Timothy Kelley |                     |
|   | Person Authorized to Receive Certification<br>Rick Diericx  |                   | Person to Contact for Additional Details<br>Timothy Kelley   |  |                     |
|   | Street Address<br>604 Pierce Boulevard  |                   | Street Address<br>604 Pierce Boulevard   |  |                     |
|   | Municipality, State & Zip Code<br>O'Fallon, IL 62269  |                   | Municipality, State & Zip Code<br>O'Fallon, IL 62269   |  |                     |
|   | Telephone Number<br>(618) 206-5912  |                   | Telephone Number<br>(618) 206-5929   |  |                     |
|   | Location of Facility<br>Quarter Section<br>3:SE   | Township<br>4S    | Range<br>7W  | Municipality<br>Baldwin                                    | Township<br>Baldwin |
|   | Street Address<br>10901 Baldwin Road, Baldwin, IL 62217   |                   | County<br>Randolph   | Book Number  |                     |
|   | Property Identification Number<br>09-012-003-00   |                   | Parcel Number  |  |                     |
| Sec. B<br><br><br><br><br>MANUFACTURING OPERATIONS          | Nature of Operations Conducted at the Above Location<br><br>The facility is Dynergy Midwest Generation's Baldwin Energy Complex. The station is located on the east bank of the Kaskaskia River. The station is engaged in the generation of electricity from the combustion of coal and/or oil (SIC Code 4911) in Units 1, 2, and 3.   |                   |  |  |                     |
|   | Water Pollution Control Construction Permit No.   |                   | Date Issued  |  |                     |
|   | NPDES PERMIT No.<br>IL0000043   |                   | Date Issued<br>March 25, 2005  | Expiration Date<br>April 30, 2010                          |                     |
|   | Air Pollution Control Construction Permit No.<br>08020075 (Units 1 and 2)   |                   | Date Issued<br>June 19, 2008   |  |                     |
|   | Air Pollution Control Operating Permit No.<br>73010750 (Unit 1) and 73010751 (Unit 2)   |                   | Date Issued<br>August 17, 2000 (Unit 1) and August 11, 2000 (Unit 2)   |  |                     |
| Sec. C<br><br><br>MANUFACTURING PROCESS                     | Describe Unit Process<br><br>The station is engaged in the generation of electricity from the combustion of coal and oil. Powder River Basin Wyoming coal is combusted in a Boilers #1, #2, and #3. These boilers generate steam which is utilized to turn three independent steam turbine/generator sets. Boilers #1-#3 are associated with Units 1-3. The net rated capacity of the station is approximately 1800 MW.   |                   |  |  |                     |
|   | Materials Used in Process<br>Sub-bituminous coal, Fuel Oil, Water and Air.  |                   | <p style="text-align: center;"><b>RECEIVED</b><br/><b>STATE OF ILLINOIS</b></p> <p style="text-align: center;"><b>OCT 20 2008</b></p> <p style="text-align: center;"><i>Environmental Protection Agency</i><br/><b>BUREAU OF AIR</b></p> |  |                     |
| Sec. D<br><br>POLLUTION CONTROL FACILITY DESCRIPTION        | Describe Pollution Abatement Control Facility<br><br>This pollution control project consists of the installation of two flue gas desulfurization systems (SO2 scrubbers), two new particulate matter (PM) collection devices (baghouses), and two sorbent injection systems to reduce mercury emissions from coal fired Boilers #1 and #2 (Units 1 and 2). The referenced air pollution control construction permit application, submitted by cover letter dated February 28, 2008, is on file with Illinois EPA and provides further details regarding this pollution control project. |                   |  |  |                     |

|   |   |  |   |
|---|---|--|---|
| Sec. E  | (1) Nature of Contaminants or Pollutants  |  |   |
| CONTAMINANTS  |   |  | Material Retained, Captured or Recovered  |
|   | Contaminant or Pollutant  | DESCRIPTION  | DISPOSAL OR USE   |
|   | Particulate matter emissions  | 99% control  | wet ash disposal facility or landfill (on-site or offsite)                            |
|   | Mercury emissions   | 90% reduction goal   | wet ash disposal facility or landfill (on-site or offsite)                            |
|   | Sulfur dioxide emissions  | 90% reduction  | wet ash disposal facility or landfill (on-site or offsite)                            |
| (2) Point(s) of Waste Water Discharge   |   |  |   |
|   |   | Plans and Specifications Attached  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                   |
| (3)   | Are contaminants (or residues) collected by the control facility?   | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>  |   |
| (4)   | Date installation completed _____ status of installation on date of application <u>2%</u> Complete  |  |   |
| ACCOUNTING DATA   | (5) a.  | FAIR CASH VALUE IF CONSIDERED REAL PROPERTY:   | \$ 240,165,000.00   |
|   | b.  | NET SALVAGE VALUE IF CONSIDERED REAL PROPERTY:   | \$  |
|   | c.  | PRODUCTIVE GROSS ANNUAL INCOME OF CONTROL FACILITY:  | \$  |
|   | d.  | PRODUCTIVE NET ANNUAL INCOME OF CONTROL FACILITY:  | \$  |
|   | e.  | PERCENTAGE CONTROL FACILITY BEARS TO WHOLE FACILITY VALUE:   | % 100%  |
| Sec. F  | The following information is submitted in accordance with the Illinois Property Tax Code, as amended, and to the best of my knowledge, is true and correct. The facilities claimed herein are "pollution control facilities" as defined in Section 11-10 of the Illinois Property Tax Code. |  |   |
| SIGNATURE   | <br>Signature  |  | Sr. Director - Operations Environmental Compliance<br>_____<br>Title                  |
| Sec. G  | INSTRUCTIONS FOR COMPILING AND FILING APPLICATION   |  |   |
| General: Separate applications must be completed for each control facility claimed. Do not mix types (water and air). Where both air and water operations are related, file two applications. If attachments are needed, record them consecutively on an index sheet. |   |  |   |
| INSTRUCTIONS  | Sec. A  | Information refers to applicant as listed in the tax records and the person to be contacted for further details or for inspection of facilities. Define facility location by street address or legal description. A plat map location is required for facilities located outside of municipal boundaries. The property identification number is required.  |   |
|   | Sec. B  | Self-explanatory. Submit copies of all permits issued by local pollution control agencies. (e.g. MSD Construction Permit)  |   |
|   | Sec. C  | Refers to manufacturing processes or materials on which pollution control facility is used.  |   |
|   | Sec. D  | Narrative description of the pollution control facility, indicating that its primary purpose is to eliminate, prevent or reduce pollution. State the type of control facility. State permit number, date, and agency issuing permit. A narrative description and a process flow diagram describing the <u>pollution control facility</u> . Include a listing of each major piece of equipment included in the claimed fair cash value for real property. Include an <u>average</u> analysis of the influent and effluent of the control facility stating the collection efficiency.  |   |
|   | Sec. E  | List air contaminants, or water pollution substances released as effluents to the manufacturing processes. List also the final disposal of any contaminants removed from the manufacturing processes.<br>Item (1) - Refers to pollutants and contaminants removed from the process by the pollution control facility.<br>Item (2) - Refers to water pollution but can apply to water-carried wastes from air pollution control facilities. Submit drawings, which clearly show (a) Point(s) of discharge to receiving stream, and (b) Sewers and process piping to and from the control facility.<br>Item (3) - If the collected contaminants are disposed of other than as wastes, state the disposition of the materials, and the value in dollars reclaimed by sale or reuse of the collected substances. State the cost of reclamation and related expense.<br>Item (4) - State the date which the pollution control facility was first placed in service and operated. If not, explain.<br>Item (5) - This information is essential to the certification and assessment actions. This accounting data must be completed to activate project review prior to certification by this Agency. |   |
|   | Sec. F  | Self-explanatory. Signature must be a corporate authorized signature.  |   |
|   |   | Submit to:   | Attention:  |
|   |   | Illinois EPA<br>P.O. Box 19276<br>Springfield, IL 62794-9276   | Alan Keller<br>Permit Section<br>Division of Water Pollution Control                  |
|   |   |  | Attention:<br>Donald E. Sutton<br>Permit Section<br>Division of Air Pollution Control |



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19506, SPRINGFIELD, ILLINOIS 62794-9506 - (217) 782-2113

ROD R. BLAGOJEVICH, GOVERNOR DOUGLAS P. SCOTT, DIRECTOR

**Memorandum**

**Technical Recommendation for Tax Certification Approval**

Date: December 29, 2008  
To: Robb Layman  
From: Ed Bakowski *EB*  
Subject: Dynegy Midwest Generation, Inc. TC 08-10-201

This Agency received a request on October 20, 2008 from Dynegy Midwest Generation, Inc.. for an Illinois EPA recommendation regarding tax certification of air pollution control facilities pursuant to 35 Ill. Adm. Code 125.204. I offer the following recommendation.

The air pollution control facilities in this request include the following:

Two Flue Gas Desulfurization Systems, 2 Particulate matter Collection Devices, 2 Sorbent Injection Systems which reduces mercury emissions, particulate matter emissions, sulfur dioxide emissions from the coal fired boiler units 1 & 2. Because the primary purpose of these systems are to reduce or eliminate air pollution, it is certified as a pollution control facility.

This facility is located at 10901 Baldwin Road, Baldwin, Randolph County  
The property identification number is 09-012-003-00

Based on the information included in this submittal, it is my engineering Judgement that the proposed facility may be considered "Pollution Control Facilities" under 35 IAC 125.200(a), with the primary purpose of eliminating, preventing, or reducing air pollution, or as otherwise provided in this section, and therefore eligible for tax certification from the Illinois Pollution Control Board. Therefore, it is my recommendation that the Board issue the requested tax Certification for this facility.

*Exhibit B*