

ILLINOIS POLLUTION CONTROL BOARD

In The Matter of:

Proposed New Clean Air Interstate Rule
(CAIR) SO₂, NO_x Annual and NO_x Ozone
Season Trading Programs, 35 Ill. Adm. Code
225. Subparts A, C, D and E

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No. R06-26
(Rulemaking – Air)

NOTICE OF FILING

TO: See attached Service List

PLEASE TAKE NOTICE that on December 15, 2006, I caused to be filed electronically with the Office of the Clerk of the Pollution Control Board, on behalf of KINCAID GENERATION, L.L.C., the attached DOMINION NO_x COMPLIANCE STRATEGY and RESUME OF ANDY YAROS, as discussed during the testimony of Robert Asplund before the Board on November 29, 2006, copies of which are hereby served upon you.

By: /s/ *Katherine M. Rahill*
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CERTIFICATE OF SERVICE

I, Katherine M. Rahill, an attorney, hereby certify that I served copies of the foregoing documents via first class mail upon the parties on the attached Service List this 15th day of December, 2006.

By: /s/ *Katherine M. Rahill*
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Dominion NO_x Compliance Strategy – Andy Yaros

Dominion has predicated its NO_x compliance strategy on making the most economical decisions on a Dominion System basis, under the NO_x SIP Call Cap & Trade regulations. The strategy to date has focused on compliance in aggregate through reductions from installed NO_x equipment, and trading among Dominion unit allocations, rather than buying any additional NO_x allowances from the market.

The most economic means to effect this strategy relies primarily on installing high capital cost SCRs on our largest units with the highest NO_x rates. Pre-SIP Call NO_x rates were generally a function of a combination of boiler-type, previous equipment such as low-NO_x burners and over-fired air, and coal type. While SCR represents a huge capital investment (approximately \$200/kw for most of our largest units) and large annual operating costs (~\$4,000,000 for a 550 MW unit), it is generally more cost-effective in terms of cost per NO_x ton removed. It is also capable of removing 90% of NO_x.

In executing Dominion's strategy, we have put SCRs on 12 of our largest coal units. With SCRs removing 90% or more on our large units, Dominion is able to put less costly controls on smaller units which do not remove nearly as high a percentage of NO_x. These units are typically not large enough or may not run at a high enough capacity factor to provide the economies of scale which would economically warrant addition of an expensive SCR. However, with SCRs on the large Dominion units, and other lower cost equipment (SNCR or advanced over-fired air) on most of the smaller, older units, Dominion is able to comply company-wide, with the SIP Call, and CAIR in the future. We will over-comply on the SCR units and use those units' excess allowances to supplement other units which have NO_x emissions in excess of their SIP allocations. If we lose substantial allowances from our large units with SCRs, the economics of the strategy do not work. Dominion would then be forced to invest in more controls which tend to have a much higher cost per NO_x ton removed, or to rely on buying allowances in the marketplace.

Andrew F. Yaros

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Versatile and innovative manager with expertise in P&L/general management, operations, supply management and engineering.

Pivotal in startup of profit centers in new and varied areas now delivering \$100+ million annual earnings.

Results-oriented leader and decision-maker with track record of delivering growth by building high performance teams.

- Pioneered buyout strategy of above market contract energy suppliers, still adding \$20M incremental new earnings each year.
- Managed new power plant to unprecedented levels of operational success and improved profitability for Company.
- Fostered leadership development, ten direct reports achieved top station leadership levels in past six years.
- \$50M of excess environmental credits created and selling for earnings in 2005.

Strategist with solid combination of business and technical acumen.

- Develop strategic plan for \$1 billion capital program to meet new draft environmental requirements.
- Arbitrated gas/electricity prices for gas sales and to reduce avoided cost payments to non-utility generators.
- Drove nuclear fuel costs to lowest in country by shifting to foreign sources, non-OEM sources, and redesigned fuel products.

Innovative change catalyst with ability to create common vision.

- \$100M net revenue added last five years by allowance sales and replaced with future vintages with postponed expense hit.
- Maximized gas supply value by selling instead of using at gas deregulation onset. Gas trading now major company profit center.
- Initiated coal sales to industrials to capture margin and utilize available state tax credits. Now \$10M annual earnings.

MBA, University of Richmond

MS, Nuclear Engineering, University of Cincinnati

BS, Mathematics & Physics, Centre College of Kentucky

Professional Experience

Dominion Resources (Virginia Power), Richmond, VA

Manager – Environmental Systems (Fossil & Hydro), '02-present

- Spearheaded startup and operation of new environmental equipment early to capture pollution credits worth \$20M.
- Key team member in EPA/Dominion settlement agreement to facilitate breakthrough of two-year stalemate in negotiations.
- Troubleshooting pollution equipment at newly acquired plant. Extended outage interval from 30-45days to 150day peak season.
- Added tens of millions \$ EBIT annually with pollution allowance sales and arbitraging credit vintage years.

Station Manager – Clover Power Station, Clover VA, '98-'02

- Focused on transitioning new leadership. All ten inherited leadership team members eventually promoted to top station leadership at other business unit stations.
- Achieved operations excellence at large, new station. Increased capacity factor each year. Several 250+ consecutive day runs.
- Captured Virginia Manufacturing Association top environmental stewardship award for large industrial facility category for 2000.

Director – Fossil Fuels Operations, '92-'97

- Led re-engineering team that streamlined fuel department and implemented new data management system.
- Originated selling natural gas supplies to industrials and arbitraging gas/electric market differentials. Ultimately provided the genesis of gas trading group that is now large gas trading profit center.
- Launched program to provide fuel services for large electric customers to increase revenues and customer satisfaction.
- Instrumental in NUG re-engineering project (Vision 2000) which changed corporate position on successful buyout strategy.

Director – Nuclear Fuel Procurement, '85-'91

- Focused on developing competitive non-OEM sources for materials & services, including fuel leak testing and in-core poisons.
- Industry forerunner maximizing volume of uranium and fuel services from foreign entities and spot markets to reduce costs.
- Increased fuel economic value by aggressively pursuing upgraded fuel products.
- Established low-level radioactive waste management group of multiple industries to proactively address disposal at state level.

Supervisor – Fuel Economics, '82-85

- Aggressively marketed new supply requirements to increase competitiveness of coal vendor base to reduce costs.
- Optimized buying for fuel supply for converted coal units to system level to reduce costs and improve market leverage.

Previously employed by U.S. Treasury Dept and Girard Manufacturing Co (PA).