

Phase II Acid Rain Permit

INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Office of Air Quality

Source Name: PSEG Morristown Energy Facility
Source Location: Morristown Industrial Park, Morristown, Indiana
Owned by: PSEG Morristown Energy Company LLC
Operated by: PSEG Morristown Energy Company LLC
ORIS Code: 55523

This permit is issued to the above operator under the provisions of 326 Indiana Administrative Code (IAC) 21 and 40 Code of Federal Regulations (CFR) 72, 40 CFR 75 through 40 CFR 78 and 58 Federal Register (FR) 3590, with conditions listed on the attached pages.

Operation Permit No.: AR 145-13620-00058	
Issued by: Janet G. McCabe, Assistant Commissioner Office of Air Quality	Issuance Date: July 17, 2001 Expiration Date: July 17, 2006

Section E Title IV Operating Conditions

Title IV Source: a natural gas fired merchant electric generating station, consisting of the following equipment:

Base Case

Four (4) natural gas fired combustion turbine generators, designated as units SC-1, SC-2, SC-3, SC-4, with a maximum heat input capacity of 932.5 MMBtu/hr (per unit), and exhausting to stacks designated as 1, 2, 3, and 4, respectively. Dry low NO_x combustors will be used to control nitrogen oxide emissions.

Or

Alternate Case

Two (2) natural gas fired combustion turbine generators, designated as units SC-1 and SC-2, with a maximum heat input capacity of 1694.2 MMBtu/hr (per unit), and exhausting to stacks designated as 1A and 2A. Dry low NO_x combustors will be used to control nitrogen oxide emissions.

The description represents the option of constructing either four (4) small turbines (base case GE 7EA at 80 MW each) or two (2) large turbines (alternate case GE 7FA at 170 MW each).

E.1.1 Statutory and Regulatory Authority

In accordance with IC 13-17-3-4, IC 13-17-3-11, IC 13-17-8-1, and IC 13-17-8-2 as well as Title IV - Acid Deposition Control - Section 400 of the Clean Air Act, the Indiana Department of Environmental Management (IDEM), Office of Air Quality (OAQ) issues this permit pursuant to 326 IAC 2 and 326 IAC 21.

E.1.2 Standard Permit Requirements [326 IAC 21]

- (a) The designated representative has submitted a complete Acid Rain permit application in accordance with the deadlines in 40 CFR 72.30.
- (b) The owners and operators of each affected source and each affected unit shall operate the unit in compliance with this Acid Rain permit.

E.1.3 Monitoring Requirements [326 IAC 21]

- (a) The owners and operators and, to the extent applicable, the designated representative of each affected source and each affected unit at the source shall comply with the monitoring requirements as provided in 40 CFR 75.
- (b) The emissions measurements shall be recorded and reported in accordance with 40 CFR 75 to determine compliance by the unit with the Acid Rain emissions limitations and

emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.

- (c) The requirements of 40 CFR 75 shall not affect the responsibility of the owners and operators to monitor emissions of other pollutants or emissions characteristics at the unit required by the Clean Air Act and any provisions of the operating permit for the source.

E.1.4 Sulfur Dioxide Requirements [326 IAC 21]

- (a) The owners and operators of each source and each affected unit at the source shall:
 - (1) Hold allowances, as of the allowance transfer deadline (as defined in 40 CFR 72.2), in the unit's compliance subaccount, after deductions under 40 CFR 73.34(c), not less than the total annual emissions of sulfur dioxide for the previous calendar year from the unit; and,
 - (2) Comply with the applicable Acid Rain emissions limitations for sulfur dioxide.
- (b) Each ton of sulfur dioxide emitted in excess of the Acid Rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Clean Air Act.
- (c) An affected unit shall be subject to the requirements under paragraph (a) of the sulfur dioxide requirements as follows:
 - (1) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or,
 - (2) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR 75, an affected unit under 40 CFR 72.6(a)(3).
- (d) Allowances shall be transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
- (e) These units were not allocated allowances by the United States Environmental Protection Agency (U.S. EPA) under 40 CFR part 73. However, these units must still comply with the requirement to hold allowances to account for sulfur dioxide emissions under E.1.4(a) and 326 IAC 21.
- (f) An allowance allocated by the U.S. EPA under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the Acid Rain permit application, the Acid Rain permit, the Acid Rain portion of an operating permit, or the written exemption under 40 CFR 72.7 and 72.8 and 326 IAC 21, and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization. Pursuant to 40 CFR 72.9(c)(7), allowances allocated by U.S. EPA do not constitute a property right.
- (g) These units have no sulfur dioxide (SO₂) allowance allocations from U.S. EPA. The allowances shall be obtained from other units to account for the SO₂ emissions from these units as required by 40 CFR 72.9(c).

E.1.5 Nitrogen Oxides Requirements [326 IAC 21]

Pursuant to 40 Code of Federal Regulations (CFR) 76, Acid Rain Nitrogen Oxides Emission Reduction Program, the units are not subject to the nitrogen oxide limitations set out in 40 CFR 76.

E.1.6 Excess Emissions Requirements for Sulfur Dioxide [326 IAC 21]

(a) The designated representative of an affected unit that has excess emissions of sulfur dioxide in any calendar year shall submit a proposed offset plan to U.S. EPA and IDEM, OAQ as required under 40 CFR 77 and 326 IAC 21.

(b) The designated representative shall submit such required information to:

Indiana Department of Environmental Management
Air Compliance Section I, Office of Air Quality
100 North Senate Avenue, P.O. Box 6015
Indianapolis, Indiana 46206-6015

and

Ms. Cecilia Mijares
Air and Radiation Division
U.S. Environmental Protection Agency, Region V
77 West Jackson Boulevard
Chicago, IL 60604-3590

and

U.S. Environmental Protection Agency
Clean Air Markets Division
1200 Pennsylvania Avenue, NW
Mail Code (6204N)
Washington, DC 20460

(c) The owners and operators of an affected unit that has excess emissions in any calendar year shall:

- (1) Pay to U.S. EPA without demand the penalty required, and pay to U.S. EPA upon demand the interest on that penalty, as required by 40 CFR 77 and 326 IAC 21; and,
- (2) Comply with the terms of an approved sulfur dioxide offset plan, as required by 40 CFR 77 and 326 IAC 21.

E.1.7 Record Keeping and Reporting Requirements [326 IAC 21]

(a) Unless otherwise provided, the owners and operators of the source and each affected unit at the source shall keep on site at the source each of the following documents for a period of 5 years, as required by 40 CFR 72.9(f), from the date the document is created. This period may be extended for cause, at any time prior to the end of the 5 years, in writing by U.S. EPA or IDEM, OAQ:

- (1) The certificate of representation for the designated representative for the source and each affected unit at the source and all documents that demonstrate the truth

- of the statements in the certificate of representation, in accordance with 40 CFR 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5 year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative;
- (2) All emissions monitoring information, in accordance with 40 CFR 75;
 - (3) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and,
 - (4) Copies of all documents used to complete an Acid Rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the requirements of the Acid Rain Program.
- (b) The designated representative of an affected source and each affected unit at the source shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR 72.90 subpart I, 40 CFR 75, and 326 IAC 21. Submit required information to the appropriate authority(ies) as specified in 40 CFR 72.90 subpart I and 40 CFR 75.

E.1.8 Submissions [326 IAC 21]

- (a) The designated representative shall submit a certificate of representation and any superseding certificate of representation to U.S. EPA and IDEM, OAQ in accordance with 40 CFR 72 and 326 IAC 21.
- (b) The designated representative shall submit such required information to:
 - Indiana Department of Environmental Management
Permit Administration Section, Office of Air Quality
100 North Senate Avenue, P.O. Box 6015
Indianapolis, Indiana 46206-6015
 - and
 - U.S. Environmental Protection Agency
Clean Air Markets Division
1200 Pennsylvania Avenue, NW
Mail Code (6204N)
Washington, DC 20460
- (c) Each such submission under the Acid Rain Program shall be submitted, signed and certified by the designated representative for all sources on behalf of which the submission is made.
- (d) In each submission under the Acid Rain Program, the designated representative shall certify, by his or her signature. The following statements shall be included verbatim in the submission:
 - (1) "I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made."; and
 - (2) "I certify under penalty of law that I have personally examined, and am familiar

with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

- (e) The designated representative of a source shall notify each owner and operator of the source and of an affected unit at the source:
 - (1) By the date of submission, of any Acid Rain Program submissions by the designated representative;
 - (2) Within 10 business days of receipt of any written determination by U.S. EPA or IDEM, OAQ; and,
 - (3) Provided that the submission or determination covers the source or the unit.
- (f) The designated representative of a source shall provide each owner and operator of an affected unit at the source a copy of any submission or determination under condition (d) of this section, unless the owner or operator expressly waives the right to receive a copy.

E.1.9 Severability [326 IAC 21]

Invalidation of the Acid Rain portion of an operating permit does not affect the continuing validity of the rest of the operating permit, nor shall invalidation of any other portion of the operating permit affect the continuing validity of the Acid Rain portion of the permit [40 CFR 72.72(b), 326 IAC 21, and 326 IAC 2-7-5(5)].

E.1.10 Liability [326 IAC 21]

- (a) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, an Acid Rain permit, an Acid Rain portion of an operation permit, or a written exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement by U.S. EPA pursuant to section 113(c) of the Clean Air Act and IDEM pursuant to 326 IAC 21 and IC 13-30-3.
- (b) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement by U.S. EPA pursuant to section 113(c) of the Clean Air Act, 18 U.S.C. 1001, and IDEM pursuant to 326 IAC 21 and IC 13-30-6-2.
- (c) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.
- (d) Each affected source and each affected unit shall meet the requirements of the Acid Rain Program.
- (e) Any provision of the Acid Rain Program that applies to an affected source, including a provision applicable to the designated representative of an affected source, shall also apply to the owners and operators of such source and of the affected units at the source.
- (f) Any provision of the Acid Rain Program that applies to an affected unit, including a provision applicable to the designated representative of an affected unit, shall also apply to

the owners and operators of such unit. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO_x averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR 75, including 40 CFR 75.16, 75.17, and 75.18, the owners and operators and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.

- (g) Each violation of a provision of 40 CFR Parts 72, 73, 75, 76, 77, and 78 by an affected source or affected unit, or by an owner or operator or designated representative of such source or unit, shall be a separate violation of the Clean Air Act.

E.1.11 Effect on Other Authorities [326 IAC 21]

No provision of the Acid Rain Program, an Acid Rain permit application, an Acid Rain permit, an Acid Rain portion of an operation permit, or a written exemption under 40 CFR 72.7 or 72.8 shall be construed as:

- (a) Except as expressly provided in Title IV of the Clean Air Act (42 USC 7651 to 7651(o)), exempting or excluding the owners and operators and, to the extent applicable, the designated representative of an affected source or affected unit from compliance with any other provision of the Clean Air Act, including the provisions of Title I of the Clean Air Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;
- (b) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Clean Air Act;
- (c) Requiring a change of any kind in any state law regulating electric utility rates and charges, affecting any state law regarding such state regulation, or limiting such state regulation, including any prudence review requirements under such state law;
- (d) Modifying the Federal Power Act (16 USC 791(a) et seq.) or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
- (e) Interfering with or impairing any program for competitive bidding for power supply in a state in which such a program is established.



Certificate of Representation

For more information, see instructions and refer to 40 CFR 72.24

This submission is: New Revised (revised submissions must be completed in full; see instructions)

This submission includes combustion or process sources under 40 CFR part 74

STEP 1
Identify the source by
plant name, State, and
ORIS code.

Plant Name	PSEG Morristown Energy Facility	State	IN	ORIS Code	55523
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STEP 2
Enter requested
information for the
designated
representative.

Name		Benjamin H. Sisson	
Address			
PSEG Power LLC 80 Park Plaza, 16th Floor, Newark, NJ 07102-4194			
Phone Number	973-541-6074	Fax Number	973-541-0988
E-mail address (if available)			
ben.sisson@pseg.com			

STEP 3
Enter requested
information for the
alternate designated
representative, if
applicable.

Name		
Phone Number		Fax Number
E-mail address (if available)		

STEP 4
Complete Step 5, read
the certifications, and
sign and date. For a
designated representa-
tive of a combustion or
process source under 40
CFR part 74, the refer-
ences in the certifications
to "affected unit" or
"affected units" also
apply to the combustion
or process source under
40 CFR part 74 and the
references to "affected
source" also apply to
the source at which the
combustion or process
source is located.

I certify that I was selected as the designated representative or alternate designated representative, as applicable, by an agreement binding on the owners and operators of the affected source and each affected unit at the source.

I certify that I have given notice of the agreement, selecting me as the 'designated representative' for the affected source and each affected unit at the source identified in this certificate of representation, in a newspaper of general circulation in the area where the source is located or in a State publication designed to give general public notice.

I certify that I have all necessary authority to carry out my duties and responsibilities under the Acid Rain Program on behalf of the owners and operators of the affected source and of each affected unit at the source and that each such owner and operator shall be fully bound by my actions, inactions, or submissions.

I certify that I shall abide by any fiduciary responsibilities imposed by the agreement by which I was selected as designated representative or alternate designated representative, as applicable.

I certify that the owners and operators of the affected source and of each affected unit at the source shall be bound by any order issued to me by the Administrator, the permitting authority, or a court regarding the source or unit.

Where there are multiple holders of a legal or equitable title to, or a leasehold interest in, an affected unit, or where a utility or industrial customer purchases power from an affected unit under life-of-the-unit, firm power contractual arrangements, I certify that:

I have given a written notice of my selection as the designated representative or alternate designated representative, as applicable, and of the agreement by which I was selected to each owner and operator of the affected source and of each affected unit at the source; and

Allowances and the proceeds of transactions involving allowances will be deemed to be held or distributed in proportion to each holder's legal, equitable, leasehold, or contractual reservation or entitlement or, if such multiple holders have expressly provided for a different distribution of allowances by contract, that allowances and the proceeds of transactions involving allowances will be deemed to be held or distributed in accordance with the contract.

The agreement by which I was selected as the alternate designated representative, if applicable, includes a procedure for the owners and operators of the source and affected units at the source to authorize the alternate designated representative to act in lieu of the designated representative.

PSEG Morristown Energy Facility
Plant Name (from Step 1)

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

 Signature (designated representative)	Date 12/12/00
Signature (alternate designated representative)	Date

BASE CASE*

STEP 5
Provide the name of every owner and operator of the source and identify each affected unit (or combustion or process source) they own and/or operate.

Name PSEG Morristown Energy Company LLC					<input checked="" type="checkbox"/> Owner	<input checked="" type="checkbox"/> Operator
ID# 1	ID# 2	ID# 3	ID# 4	ID# 5	ID# 6	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#

ALTERNATE CASE**

Name PSEG Morristown Energy Company LLC					<input checked="" type="checkbox"/> Owner	<input checked="" type="checkbox"/> Operator
ID# 1	ID# 2	ID# 3	ID# 4	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#

Name					<input type="checkbox"/> Owner	<input type="checkbox"/> Operator
ID#	ID#	ID#	ID#	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#

Name					<input type="checkbox"/> Owner	<input type="checkbox"/> Operator
ID#	ID#	ID#	ID#	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#

Note: *Base Case assumes that PSEG Morristown Energy Company LLC will select General Electric model 7EA gas fired combustion turbines, utilizing 4 turbines.
 **Alternate Case assumes that PSEG Morristown Energy Company LLC will select model 7FA gas fired combustion turbines, utilizing 2 model 7FA machines instead of 2 model 7EA machines.



Phase II Permit Application

For more information, see instructions and refer to 40 CFR 72.30 and 72.31

This submission is: New Revised

STEP 1
Identify the source by plant name, State, and ORIS code from NADB

PSEG Morristown Energy Facility	IN	
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STEP 2
Enter the boiler ID# from NADB for each affected unit, and indicate whether a repowering plan is being submitted for the unit by entering "yes" or "no" at column c. For new units, enter the requested information in columns d and e

a Boiler ID#	Compliance Plan		d New Units Commence Operation Date	e New Units Monitor Certification Deadline
	b Unit Will Hold Allowances in Accordance with 40 CFR 72.9(c)(1)	c Repowering Plan		
BASE CASE*:	Yes			
1	Yes		05/01/02	08/01/02
2	Yes		05/01/02	08/01/02
3	Yes		05/01/02	08/01/02
4	Yes		05/01/02	08/01/02
	Yes			
ALTERNATE CASE**:	Yes			
1	Yes		05/01/02	08/01/02
2	Yes		05/01/02	08/01/02
	Yes			
	Yes			
	Yes			

Note: *Base Case assumes that PSEG Morristown Energy Company LLC will select General Electric model 7EA gas fired combustion turbines, utilizing 4 combustion turbines.

STEP 3
Check the box if the response in column c of Step 2 is "Yes" for any unit

For each unit that will be repowered, the Repowering Extension Plan form is included and the Repowering Technology Petition form has been submitted or will be submitted by June 1, 1997.

**Alternate Case assumes that PSEG Morristown Energy Company LLC will select General Electric model 7FA gas fired combustion turbines, utilizing 2 model 7FA machines instead of 4 model 7EA machines.

PSEG Morristown Energy Facility
Plant Name (from Step 1)

STEP 4
Read the standard requirements and certification, enter the name of the designated representative, and sign and date

Standard Requirements

Permit Requirements

- (1) The designated representative of each affected source and each affected unit at the source shall:
- (i) Submit a complete Acid Rain permit application (including a compliance plan) under 40 CFR part 72 in accordance with the deadlines specified in 40 CFR 72.30; and
 - (ii) Submit in a timely manner any supplemental information that the permitting authority determines is necessary in order to review an Acid Rain permit application and issue or deny an Acid Rain permit;
- (2) The owners and operators of each affected source and each affected unit at the source shall:
- (i) Operate the unit in compliance with a complete Acid Rain permit application or a superseding Acid Rain permit issued by the permitting authority; and
 - (ii) Have an Acid Rain Permit.

Monitoring Requirements

- (1) The owners and operators and, to the extent applicable, designated representative of each affected source and each affected unit at the source shall comply with the monitoring requirements as provided in 40 CFR parts 74, 75, and 76.
- (2) The emissions measurements recorded and reported in accordance with 40 CFR part 75 shall be used to determine compliance by the unit with the Acid Rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.
- (3) The requirements of 40 CFR parts 74 and 75 shall not affect the responsibility of the owners and operators to monitor emissions of other pollutants or other emissions characteristics at the unit under other applicable requirements of the Act and other provisions of the operating permit for the source.

Sulfur Dioxide Requirements

- (1) The owners and operators of each source and each affected unit at the source shall:
- (i) Hold allowances, as of the allowance transfer deadline, in the unit's compliance subaccount (after deductions under 40 CFR 73.34(c)) not less than the total annual emissions of sulfur dioxide for the previous calendar year from the unit; and
 - (ii) Comply with the applicable Acid Rain emissions limitations for sulfur dioxide.
- (2) Each ton of sulfur dioxide emitted in excess of the Acid Rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Act.
- (3) An affected unit shall be subject to the requirements under paragraph (1) of the sulfur dioxide requirements as follows:
- (i) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or
 - (ii) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR part 75, an affected unit under 40 CFR 72.6(a)(3).
- (4) Allowances shall be held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
- (5) An allowance shall not be deducted in order to comply with the requirements under paragraph (1)(i) of the sulfur dioxide requirements prior to the calendar year for which the allowance was allocated.
- (6) An allowance allocated by the Administrator under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the Acid Rain permit application, the Acid Rain permit, or the written exemption under 40 CFR 72.7 and 72.8 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
- (7) An allowance allocated by the Administrator under the Acid Rain Program does not constitute a property right.

Nitrogen Oxides Requirements The owners and operators of the source and each affected unit at the source shall comply with the applicable Acid Rain emissions limitation for nitrogen oxides.

Excess Emissions Requirements

- (1) The designated representative of an affected unit that has excess emissions in any calendar year shall submit a proposed offset plan, as required under 40 CFR part 77.
- (2) The owners and operators of an affected unit that has excess emissions in any calendar year shall:
- (i) Pay without demand the penalty required, and pay upon demand the interest on that penalty, as required by 40 CFR part 77; and
 - (ii) Comply with the terms of an approved offset plan, as required by 40 CFR part 77.

Recordkeeping and Reporting Requirements

- (1) Unless otherwise provided, the owners and operators of the source and each affected unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the Administrator or permitting authority:
- (i) The certificate of representation for the designated representative for the source and each affected unit at the source and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR 72.24, provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative;
 - (ii) All emissions monitoring information, in accordance with 40 CFR part 75;
 - (iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and
 - (iv) Copies of all documents used to complete an Acid Rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the requirements of the Acid Rain Program.
- (2) The designated representative of an affected source and each affected unit at the source shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR part 72 subpart I and 40 CFR part 75.

PSEG Morristown Energy Facility
 Plant Name (from Step 1)

Liability.

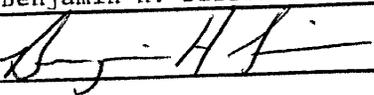
- (1) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, a complete Acid Rain permit application, an Acid Rain permit, or a written exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement pursuant to section 113(c) of the Act.
- (2) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to section 113(c) of the Act and 18 U.S.C. 1001.
- (3) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.
- (4) Each affected source and each affected unit shall meet the requirements of the Acid Rain Program.
- (5) Any provision of the Acid Rain Program that applies to an affected source (including a provision applicable to the designated representative of an affected source) shall also apply to the owners and operators of such source and of the affected units at the source.
- (6) Any provision of the Acid Rain Program that applies to an affected unit (including a provision applicable to the designated representative of an affected unit) shall also apply to the owners and operators of such unit. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO_x averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR part 75 (including 40 CFR 75.16, 75.17, and 75.18), the owners and operators and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.
- (7) Each violation of a provision of 40 CFR parts 72, 73, 74, 75, 76, 77, and 78 by an affected source or affected unit, or by an owner or operator or designated representative of such source or unit, shall be a separate violation of the Act.

Effect on Other Authorities. No provision of the Acid Rain Program, an Acid Rain permit application, an Acid Rain permit, or a written exemption under 40 CFR 72.7 or 72.8 shall be construed as:

- (1) Except as expressly provided in title IV of the Act, exempting or excluding the owners and operators and, to the extent applicable, the designated representative of an affected source or affected unit from compliance with any other provision of the Act, including the provisions of title I of the Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;
- (2) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Act;
- (3) Requiring a change of any kind in any State law regulating electric utility rates and charges, affecting any State law regarding such State regulation, or limiting such State regulation, including any prudence review requirements under such State law;
- (4) Modifying the Federal Power Act or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
- (5) Interfering with or impairing any program for competitive bidding for power supply in a State in which such program is established.

Certification

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name Benjamin H. Sisson	
Signature 	Date 12/12/00

STEP 5 (optional)
 Enter the source AIRS
 and FINDS Identification
 numbers, if known

AIRS
FINDS

Indiana Department of Environmental Management Office of Air Quality

Statement of Basis for Proposal of Phase II Acid Rain Permit

Source Name: PSEG Morristown Energy Facility
Source Location: Morristown Industrial Park, Morristown, Indiana
County: Shelby
Acid Rain Permit No.: AR 145-13620-00058
Reviewer: Robert Ondrusek

The Indiana Department of Environmental Management (IDEM), Office of Air Quality (OAQ) has reviewed PSEG Morristown Energy Company LLC's application for a Phase II Permit. The application is for a source to be constructed at a site located the Morristown Industrial Park, Morristown, Indiana. The source would be composed a natural gas fired merchant electric generating station, consisting of the following equipment:

Base Case

Four (4) natural gas fired combustion turbine generators, designated as units SC-1, SC-2, SC-3, SC-4, with a maximum heat input capacity of 932.5 MMBtu/hr (per unit), and exhausting to stacks designated as 1, 2, 3, and 4, respectively. Dry low NO_x combustors will be used to control nitrogen oxide emissions.

Or

Alternate Case

Two (2) natural gas fired combustion turbine generators, designated as units SC-1 and SC-2, with a maximum heat input capacity of 1694.2 MMBtu/hr (per unit), and exhausting to stacks designated as 1A and 2A. Dry low NO_x combustors will be used to control nitrogen oxide emissions.

The description represents the option of constructing either four (4) small turbines (base case GE 7EA at 80 MW each) or two (2) large turbines (alternate case GE 7FA at 170 MW each).

Program Description

The Acid Rain Program's goal is to reduce the amount of sulfur dioxide and nitrogen oxides released to the atmosphere from power plants. These two pollutants play a large role in the formation of acid rain. There are no known direct human health effects from acid rain. Acid rain does have a harmful effect on aquatic animals. It can also be harmful to essential soil bacteria. Additional information regarding acid rain and the Acid Rain Program can be found on the Internet at the United States Environmental Protection Agency (U.S. EPA) site, at <http://www.epa.gov/airmarkets/>. Additional information in the form of maps showing the results of precipitation monitoring can be found on the Internet under <http://nadp.sws.uiuc.edu>.

The U.S. EPA has set a limit on the amount of sulfur dioxide emissions and the emission rate of nitrogen oxides for all regulated power plants, for each year from 2000 through 2009. The total sulfur dioxide emissions for all affected power plants in the nation have been limited to 9.4 million tons every year. That amount is 10 million tons less than the total emissions of sulfur dioxide in 1980. In 1993, U.S. EPA allocated a certain amount of sulfur dioxide emissions allowances to each power plant regulated by Phase II of the Acid Rain Program. Emissions of nitrogen oxides are being reduced by at least 2 million tons per year, by setting limits on the emission rate of nitrogen oxides from coal-fired power plant boilers.

Federal Rules

The emission allowances and conditions in this draft Phase II permit were taken from the limits developed by the U.S. EPA for the Acid Rain Program pursuant to Title IV of the Clean Air Act, 42 United States Code 7401, as amended by Public Law 101-5049 (November 15, 1990). Parts 72 through 78 of Title 40 of the Code of Federal Regulations (CFR), 61 Federal Register (FR) 59142, 61 FR 67111, 61 FR 68821, and 62 FR 3463, apply to regulated power plants.

Indiana's Rules

Title 326 of the Indiana Administrative Code (IAC) Article 21, Acid Deposition Control, has adopted the federal rule by referencing 40 CFR 72 through 78, 61 FR 59142, 61 FR 67111, 61 FR 68821, and 62 FR 3463. The rule incorporates the requirements of Title IV, Clean Air Act Acid Rain Program, of the 1990 Clean Air Act.

Sulfur Dioxide Emission Allocations

The sulfur dioxide allowance allocation rule (40 CFR Part 73) was revised in August 1998. The nation wide allocated sulfur dioxide emissions are 9,480,000 tons per year for 2000 through 2009. The 2010 cap is projected to reduce sulfur dioxide emissions to 8,900,000 tons per year. No allocations were made for new sources. New regulated power plants have to obtain sulfur dioxide emission allocations by purchasing them from preexisting power plants that received U.S. EPA allocations. A regulated power plant may have emission allocations to sell because the plant purchased newer, less polluting, equipment. The U.S. EPA keeps track of the transfer of all sulfur dioxide emission allocations in an official accounting system.

This source has no annual allocated sulfur dioxide emission allowances established in the Title IV Acid Rain Program. These new units will be required to seek sulfur dioxide emission allowances from other units, in order to account for all sulfur dioxide emissions, as required by 40 CFR 72.9(c).

The sulfur dioxide emissions from these units will also be regulated by IDEM's minor source operating permit (MSOP). A draft MSOP for this source was placed on public notice at the same time as the public notice for this draft Phase II permit. The draft MSOP has the number 145-12004-00058. Twelve months after a power plant begins operation it must file an application with IDEM to obtain a Part 70 operating permit.

Nitrogen Oxide Limitations

Pursuant to 40 CFR 76, nitrogen oxide (NO_x) emission limitations are applicable only to coal-fired utility and coal-fired substitution units that are subject to Phase I and Phase II sulfur dioxide reduction requirements. The units at this source will not burn coal as a fuel. The nitrogen oxide emissions from these units will also be regulated by IDEM's minor source operating permit (MSOP). A draft MSOP for this source was placed

on public notice at the same time as the public notice for this draft Phase II permit. The draft MSOP has the number 145-12004-00058. Twelve months after a power plant begins operation it must file an application with IDEM to obtain a Part 70 operating permit.

Emissions Monitoring Requirements

The owners and operators and, to the extent applicable, the designated representative for the source must comply with the monitoring requirements set out in 40 CFR 75 and 72.9(b)(1) and (2). The source must measure and record its emissions of sulfur dioxide. The source must report these measurements to IDEM and U.S. EPA. These records and reports are used to determine if the source is in compliance with the sulfur dioxide allocation program. The requirements of the Phase II permit do not affect the source's responsibility to monitor emissions of other pollutants or other emissions characteristics required by the Clean Air Act and other operating permit provisions. Monitoring requirements outlined in the source's Phase II permit application are considered as part of the Phase II permit. The source will have additional monitoring requirements, as set out by IDEM's minor source operating permit (MSOP). A draft MSOP for this source was placed on public notice at the same time as the public notice for this draft Phase II permit. The draft MSOP has the number 145-12004-00058. Twelve months after a power plant begins operation it must file an application with IDEM to obtain a Part 70 operating permit.

Other Record Keeping and Reporting Requirements

The source must keep copies of all reports and compliance certifications it submits to demonstrate compliance with the requirements of the Phase II permit for five years. The source must submit the reports and compliance certifications required by the Phase II permit to the U.S. EPA and IDEM, OAQ. Record keeping and reporting requirements outlined in the Phase II application are considered part of the Phase II permit. The source will have additional record keeping and reporting requirements, as set out in IDEM's minor source operating permit (MSOP). A draft MSOP for this source was placed on public notice at the same time as the public notice for this draft Phase II permit. The draft MSOP has the number 145-12004-00058. Twelve months after a power plant begins operation it must file an application with IDEM to obtain a Part 70 operating permit.

Submissions

The designated representative for each emissions unit must sign and certify every report or other submission required by the Phase II permit. The designated representative must include the following certification statement in every submission:

"I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment."

The designated representative must send each owner and operator of the source a notification regarding every submission. The designated representative must also notify each owner and operator of the source within 10 business days of the receipt of any written determination made by U.S. EPA or IDEM.

Draft Phase II Permit

Based on the information IDEM received from the proposed operator, IDEM has preliminarily determined that the proposed source meets the requirement of Indiana Code (IC) 13-17-3-4, IC 13-17-3-11, IC 13-17-8-1, and IC 13-17-8-2, as well as Title IV of the Clean Air Act. IDEM proposes this draft Phase II permit pursuant to 326 IAC 21. The proposed source would also be regulated by conditions in IDEM's minor source operating permit (MSOP). A draft MSOP for this source was placed on public notice at the same time as the public notice for this draft Phase II permit. The draft MSOP has the number 145-12004-00058. Twelve months after a power plant begins operation it must file an application with IDEM to obtain a Part 70 operating permit.

Additional Information

Questions regarding the proposed Phase II permit can be directed to Robert Ondrusek at the Indiana Department Environmental Management (IDEM), Office of Air Quality (OAQ), 100 North Senate Avenue, P.O. Box 6015, Indianapolis, Indiana 46206-6015 or by telephone at (317) 233-4227 or toll free at 1-800-451-6027 extension 3-4227.

The source will be inspected by IDEM's compliance inspection staff. Persons seeking to obtain information regarding the source's compliance status or to report any potential violation of any permit condition should contact Wanda Stanfield at the Office of Air Quality (OAQ) address or by telephone at (317) 233-6864 or toll free at 1-800-451-6027 extension 3-6864.

Copies of the Code of Federal Regulations (CFR) and Federal Registers (FR) referenced in the permit may be obtained from:

Indiana Department of Environmental Management
Office of Air Quality
100 North Senate Avenue
P.O. Box 6015
Indianapolis, Indiana 46206-6015

or

The Government Printing Office
Washington, D.C. 20402

or

on the Government Printing Office website at
<http://www.access.gpo.gov/nara/cfr/index.html>

