



# INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

*We Protect Hoosiers and Our Environment.*

*Mitchell E. Daniels Jr.*  
Governor

*Thomas W. Easterly*  
Commissioner

100 North Senate Avenue  
Indianapolis, Indiana 46204  
(317) 232-8603  
Toll Free (800) 451-6027  
[www.idem.IN.gov](http://www.idem.IN.gov)

TO: Interested Parties / Applicant

DATE: May 27, 2011

RE: NIPSCO – Bailly Generating Station / 127-30126-00002

FROM: Matthew Stuckey, Branch Chief  
Permits Branch  
Office of Air Quality

## Notice of Decision: Approval - Effective Immediately

Please be advised that on behalf of the Commissioner of the Department of Environmental Management, I have issued a decision regarding the enclosed matter. Pursuant to IC 13-15-5-3, this permit is effective immediately, unless a petition for stay of effectiveness is filed and granted according to IC 13-15-6-3, and may be revoked or modified in accordance with the provisions of IC 13-15-7-1.

If you wish to challenge this decision, IC 4-21.5-3 and IC 13-15-6-1 require that you file a petition for administrative review. This petition may include a request for stay of effectiveness and must be submitted to the Office of Environmental Adjudication, 100 North Senate Avenue, Government Center North, Suite N 501E, Indianapolis, IN 46204, **within eighteen (18) calendar days of the mailing of this notice**. The filing of a petition for administrative review is complete on the earliest of the following dates that apply to the filing:

- (1) the date the document is delivered to the Office of Environmental Adjudication (OEA);
- (2) the date of the postmark on the envelope containing the document, if the document is mailed to OEA by U.S. mail; or
- (3) The date on which the document is deposited with a private carrier, as shown by receipt issued by the carrier, if the document is sent to the OEA by private carrier.

The petition must include facts demonstrating that you are either the applicant, a person aggrieved or adversely affected by the decision or otherwise entitled to review by law. Please identify the permit, decision, or other order for which you seek review by permit number, name of the applicant, location, date of this notice and all of the following:

- (1) the name and address of the person making the request;
- (2) the interest of the person making the request;
- (3) identification of any persons represented by the person making the request;
- (4) the reasons, with particularity, for the request;
- (5) the issues, with particularity, proposed for considerations at any hearing; and
- (6) identification of the terms and conditions which, in the judgment of the person making the request, would be appropriate in the case in question to satisfy the requirements of the law governing documents of the type issued by the Commissioner.

If you have technical questions regarding the enclosed documents, please contact the Office of Air Quality, Permits Branch at (317) 233-0178. Callers from within Indiana may call toll-free at 1-800-451-6027, ext. 3-0178.

Enclosures  
FNPER.dot12/03/07



# INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

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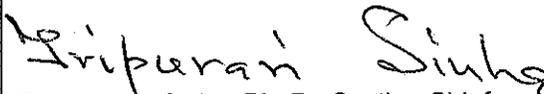
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## TITLE IV (ACID RAIN) PERMIT RENEWAL OFFICE OF AIR QUALITY

**NIPSCO - Bailly Generating Station  
246 Bailly Station Road  
Chesterton, Indiana, 46304**

**ORIS: 0995**

The owners and operators (hereinafter collectively known as the Permittee) of the above source are issued this permit under the provisions of 326 Indiana Administrative Code (IAC) 21 [326 IAC 21] with conditions listed on the attached pages.

Operation Permit No.: AR 127-30126-00002	
Issued by:  Tripurari P. Sinha, Ph. D., Section Chief Permits Branch Office of Air Quality	Issuance Date: May 27, 2011  Expiration Date: May 27, 2016

## Title IV Operating Conditions

### Title IV Source Description:

- (a) One (1) cyclone coal-fired boiler, identified as Unit 7, with construction completed in 1962, with a design heat input capacity of 1,638 million Btu per hour, with an electrostatic precipitator (ESP) system for control of particulate matter. A wet limestone flue gas desulfurization system serves both Unit 7 and 8 for control of sulfur dioxide. Natural gas and/or No. 2 fuel oil can be fired during startup, shutdown, and malfunctions; the unit can also generate electricity while combusting natural gas only. Unit 7 has continuous emissions monitoring systems (CEMS) for nitrogen oxides (NOX) and for sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitoring (COM) system. Scrubbed emissions from Units 7 and 8 are exhausted through Stack CS001. Non-scrubbed emissions from Units 7 and 8 are exhausted through the bypass stack, Stack CS002.
- (b) One (1) cyclone coal-fired boiler, identified as Unit 8, with construction completed in 1968, with a design heat input capacity of 3,374 million Btu per hour, with an electrostatic precipitator (ESP) system for control of particulate matter. A wet limestone flue gas desulfurization system serves both Unit 7 and 8 for control of sulfur dioxide. Natural gas and/or No. 2 fuel oil can be fired during startup, shutdown, and malfunctions; the unit can also generate electricity while combusting natural gas only. Unit 8 is equipped with a selective catalytic reduction (SCR) system and in 2011 was also authorized to install up to four (4) natural gas fired flue gas reheating Duct Burners each with a maximum design heat input capacity of 40 million Btu per hour. Unit 8 has continuous emissions monitoring systems (CEMS) for nitrogen oxides (NOX) and for sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitoring (COM) system. Scrubbed emissions from Units 7 and 8 are exhausted through Stack CS001. Non-scrubbed emissions from Units 7 and 8 are exhausted through the bypass stack, Stack CS002.

(The information contained in this box is descriptive information and does not constitute enforceable conditions.)

### 1. Statutory and Regulatory Authorities

In accordance with IC 13-17-3-4 and IC 13-17-3-11, as well as Titles IV and V 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 (incorporates by reference 40 Code of Federal Regulations (CFR) 72 through 78).

### 2. Standard Permit Requirements [326 IAC 21]

- (a) The designated representative has submitted a complete acid rain permit application in accordance with 40 CFR 72.30.
- (b) The Permittee shall operate Unit 7 and Unit 8 in compliance with this permit.

### 3. Monitoring Requirements [326 IAC 21]

- (a) The Permittee and, to the extent applicable, the designated representative of Unit 7 and Unit 8 shall comply with the monitoring requirements as provided in 40 CFR 75 and 76.
- (b) The emissions measurements recorded and reported in accordance with 40 CFR 75 and 76 shall be used to determine compliance by Unit 7 and Unit 8 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 and 76 shall not affect the responsibility of the Permittee to monitor emissions of other pollutants or other emissions characteristics at Unit 7 and Unit 8 under other applicable requirements of the Clean Air Act and other provisions of the operating permit for the source.

4. Sulfur Dioxide Requirements [326 IAC 21]

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- (a) The Permittee shall:
  - (1) Hold allowances, as of the allowance transfer deadline (as defined in 40 CFR 72.2), in the compliance subaccount of Unit 7 and Unit 8, after deductions under 40 CFR 73.34(c), not less than the total annual emissions of sulfur dioxide for the previous calendar year from Unit 7 and Unit 8; 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) Unit 7 and Unit 8 shall be subject to the requirements under paragraph 4(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 latter 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 held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
- (e) An allowance shall not be deducted in order to comply with the requirements under paragraph 4(a) of the sulfur dioxide requirements prior to the calendar year for which the allowance was allocated.
- (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.
- (g) An allowance allocated by U.S. EPA under the Acid Rain Program does not constitute a property right.
- (h) No permit revision may be required for increases in emissions that are authorized by allowances acquired pursuant to the Acid Rain Program, provided that the increases do not require a permit revision under any other applicable requirement.  
[326 IAC 2-7-5(4)(A)]
- (i) No limit shall be placed on the number of allowances held by the Permittee. The Permittee may not, however, use allowances as a defense to noncompliance with any applicable requirement other than the requirements of the Acid Rain Program.  
[326 IAC 2-7-5(4)(B)]

5. Nitrogen Oxides Requirements [326 IAC 21]

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- (a) The Permittee shall comply with the applicable acid rain emissions limitation of nitrogen oxides (NO<sub>x</sub>) for Unit 7 and Unit 8.
- (b) NO<sub>x</sub> Emission Averaging Plan for Unit 7:
- (1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 7, effective through and including 2016. Under the plan, the NO<sub>x</sub> emissions from Unit 7 shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 1.2 lb/MMBtu for the calendar year except as provided in Condition 5(b)(2). In addition, Unit 7 shall not have an annual heat input greater than 14,500,000 MMBtu for the calendar year except as provided in Condition 5(b)(2).
  - (2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a calendar year under the plan, then Unit 7 shall be deemed to be in compliance for that calendar year with its annual ACEL and annual heat input limit.
- (c) NO<sub>x</sub> Emission Averaging Plan for Unit 8:
- (1) Pursuant to 40 CFR 76.11, the Indiana Department of Environmental Management, Office of Air Quality approves a NO<sub>x</sub> emission averaging plan for Unit 8, effective through and including 2016. Under the plan, the NO<sub>x</sub> emissions from Unit 8 shall not exceed the annual Alternative Contemporaneous Emission Limitation (ACEL) of 1.2 lb/MMBtu for the calendar year except as provided in Condition 5(c)(2). In addition, Unit 8 shall not have an annual heat input greater than 24,500,000 MMBtu for the calendar year except as provided in Condition 5(c)(2).
  - (2) Under the plan, the actual Btu-weighted annual average NO<sub>x</sub> emission rate for all the units in the plan shall be less than or equal to the Btu-weighted annual average NO<sub>x</sub> emission rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations under 40 CFR 76.5. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11) is met for a calendar year under the plan, then Unit 8 shall be deemed to be in compliance for that calendar year with its annual ACEL and annual heat input limit.
- (d) The Permittee must annually demonstrate that Unit 7 and Unit 8 meet the NO<sub>x</sub> emission limits described in paragraphs (b) and (c) of this section, based upon the data from certified continuous emission monitoring systems (CEMS) located in the common stack. CEMS certification must be performed in accordance with the requirements and specifications delineated at 40 CFR 75.17.
- (e) In addition to the described NO<sub>x</sub> compliance plan, Unit 7 and Unit 8 shall comply with all other applicable requirements of 40 CFR 76, including the duty to reapply for a NO<sub>x</sub> compliance plan and requirements covering excess emissions.

6. Excess Emissions Requirements [40 CFR 77] [326 IAC 21]

(a) If Unit 7 or Unit 8 has excess emissions of sulfur dioxide in any calendar year, the designated representative 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 required information to:

Indiana Department of Environmental Management  
Compliance and Enforcement Branch, Office of Air Quality  
100 North Senate Avenue  
MC 61-53, IGCN 1003  
Indianapolis, Indiana 46204-2251

and

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

(c) If Unit 7 or Unit 8 has excess emissions, as defined in 40 CFR 72.2, in any calendar year, the Permittee 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.

7. Record Keeping and Reporting Requirements [326 IAC 21]

(a) Unless otherwise provided, the Permittee shall keep on site 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 of Unit 7 and Unit 8 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 collected in accordance with 40 CFR 75 shall be retained on site for 3 years;
- (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 Unit 7 and Unit 8 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. The required information is to be submitted to the appropriate authority(ies) as specified in 40 CFR 72.90 subpart I and 40 CFR 75.

8. Submissions [326 IAC 21]

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- (a) The designated representative of Unit 7 and Unit 8 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 required information to:

Indiana Department of Environmental Management  
Permit Administration and Support Section, Office of Air Quality  
100 North Senate Avenue  
MC 61-53, IGCN 1003  
Indianapolis, Indiana 46204-2251

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 which 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 Unit 7 and Unit 8 shall notify the Permittee:
  - (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 Unit 7 or Unit 8.

- (f) The designated representative of Unit 7 and Unit 8 shall provide the Permittee a copy of any submission or determination under paragraph (e) of this section, unless the Permittee expressly waives the right to receive a copy.

9. Severability [326 IAC 21]

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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)]

10. Liability [326 IAC 21]

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- (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 shall be subject to enforcement by 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 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) Unit 7 and Unit 8 shall meet the requirements of the Acid Rain Program.
- (e) Any provision of the Acid Rain Program that applies to Unit 7 and Unit 8, including a provision applicable to the designated representative of Unit 7 and Unit 8 shall also apply to the Permittee.
- (f) Any provision of the Acid Rain Program that applies to Unit 7 or Unit 8, including a provision applicable to the designated representative, shall also apply to the Permittee. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO<sub>x</sub> 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 Permittee 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 Unit 7 and Unit 8, or by the Permittee or designated representative shall be a separate violation of the Clean Air Act.

11. Effect on Other Authorities [326 IAC 21]

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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 Permittee and, to the extent applicable, the designated representative of Unit 7 and Unit 8 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.

**Indiana Department of Environmental Management  
Office of Air Quality**

Technical Support Document  
For a Title IV (Acid Rain) Permit Renewal

<b>Source Background and Description</b>
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Source Name:	NIPSCO - Bailly Generating Station
Source Location:	246 Bailly Station Road, Chesterton, Indiana 46304
County:	Porter
Operated By:	Northern Indiana Public Service Company
Designated Representative:	Philip W. Pack
ORIS Code:	0995
Previous Title IV (Acid Rain) Permit No.:	AR 127-19662-00002
Title IV (Acid Rain) Renewal Permit No.:	AR 127-30126-00002
Permit Reviewer:	David J. Matousek

The Indiana Department of Environmental Management (IDEM), Office of Air Quality (OAQ) has reviewed a Title IV (Acid Rain) permit renewal application submitted by NIPSCO - Bailly Generating Station on January 14, 2011. The application is for the operation of the following affected units at a station located at 246 Bailly Station Road, Chesterton, Indiana 46304:

- (a) One (1) cyclone coal-fired boiler, identified as Unit 7, with construction completed in 1962, with a design heat input capacity of 1,638 million Btu per hour, with an electrostatic precipitator (ESP) system for control of particulate matter. A wet limestone flue gas desulfurization system serves both Unit 7 and 8 for control of sulfur dioxide. Natural gas and/or No. 2 fuel oil can be fired during startup, shutdown, and malfunctions; the unit can also generate electricity while combusting natural gas only. Unit 7 has continuous emissions monitoring systems (CEMS) for nitrogen oxides (NOX) and for sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitoring (COM) system. Scrubbed emissions from Units 7 and 8 are exhausted through Stack CS001. Non-scrubbed emissions from Units 7 and 8 are exhausted through the bypass stack, Stack CS002.
  
- (b) One (1) cyclone coal-fired boiler, identified as Unit 8, with construction completed in 1968, with a design heat input capacity of 3,374 million Btu per hour, with an electrostatic precipitator (ESP) system for control of particulate matter. A wet limestone flue gas desulfurization system serves both Unit 7 and 8 for control of sulfur dioxide. Natural gas and/or No. 2 fuel oil can be fired during startup, shutdown, and malfunctions; the unit can also generate electricity while combusting natural gas only. Unit 8 is equipped with a selective catalytic reduction (SCR) system and in 2011 was also authorized to install up to four (4) natural gas fired flue gas reheating Duct Burners each with a maximum design heat input capacity of 40 million Btu per hour. Unit 8 has continuous emissions monitoring systems (CEMS) for nitrogen oxides (NOX) and for sulfur dioxide (SO<sub>2</sub>) and a continuous opacity monitoring (COM) system. Scrubbed emissions from Units 7 and 8 are exhausted through Stack CS001. Non-scrubbed emissions from Units 7 and 8 are exhausted through the bypass stack, Stack CS002.

This Title IV (Acid Rain) permit renewal AR 127-30126-00002, when issued, will have a term of five years and will involve the same affected units as indicated in the initial Title IV (Acid Rain) permit AR 127-5300-00002 issued on December 31, 1997.

### Existing Title IV (Acid Rain) Approvals

The source has been operating under the following previous Title IV (Acid Rain) approvals:

- (a) Acid Rain First Renewal No. AR 127-19662-00002, issued on July 14, 2006.

Northern Indiana Public Service Company was issued a Title IV permit, AR 127-19662-00002, for the Bailly Generating Station, effective from July 14, 2006 to July 14, 2011. On January 14, 2011, NIPSCO – Bailly Generating Station submitted an application to renew their Title IV permit. On March 11, 2011, NIPSCO – Bailly Generating Station submitted a Phase II NO<sub>x</sub> compliance plan for the period effective through and including 2016. The new Phase II NO<sub>x</sub> compliance plan is identical to the current compliance plan. The aforementioned revisions have been combined into this renewal permit.

### Program Description

The following information is provided to explain the Acid Rain Program.

- (a) Goal of the Program

The goal of the 1990 Clean Air Act (CAA) Amendments, Acid Rain Program is to reduce the impact of man-made emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>) on lakes, streams, forests, crops and, most important, the health of the public, by a nationwide SO<sub>2</sub> allocation of emissions from power plants. While it may not seem to be a local problem, the information collected shows a need for this reduction. This is because these emissions can be transported great distances. Results of the SO<sub>2</sub> and NO<sub>x</sub> program, along with past, present and future plans, can be found on the Internet at <http://www.epa.gov/airmarkets/>. Additional information in the form of maps showing the results of the SO<sub>2</sub> and NO<sub>x</sub> limitations can be found on the Internet at <http://nadp.sws.uiuc.edu/>.

- (b) Federal Rules

The emission allowances and conditions in this draft Title IV (Acid Rain) 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.

- (c) 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 (CAA).

- (d) Sulfur Dioxide (SO<sub>2</sub>) Emission Allocations

Beginning in 2010, the Clean Air Act has placed a cap at 8.95 million on the number of allowances issued to units each year. No allocations were made for new sources. New regulated power plants have to obtain sulfur dioxide emission allocations by purchasing them from pre-existing power plants that have 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.

(e) Nitrogen Oxide Emission (NO<sub>x</sub>) Limitations

The emission limitations for NO<sub>x</sub> under this part apply to each affected coal-fired utility unit subject to section 404(d) or 409(b) of the Act on the date the unit is required to meet the Acid Rain emissions reduction requirements for SO<sub>2</sub>.

**Specific Sulfur Dioxide (SO<sub>2</sub>) Emission Allocations**

There are 2 affected units, identified as Units 7 and 8, in this generating station. Table 1 below summarizes the SO<sub>2</sub> Allowance Allocations for these units.

Table 1	
SO <sub>2</sub> Allowance Allocations (tons/year) for 2010 and Beyond	
Unit 7	4,819
Unit 8	6,882

**Specific NO<sub>x</sub> Compliance and Averaging Plan**

There are 2 affected units, identified as Units 7 and 8, in this generating station. Table 2 and 3 below summarize the NO<sub>x</sub> compliance and averaging plan for these units.

Table 2			
Calendar Years Present to 2017	Emission Limitation per 40 CFR 76.5, 76.6 or 76.7 (lb/MMBTU)	Alternative Limit (lb/MMBTU)	Heat Input Limit (MMBTU)
Unit 7	0.86	1.20	14,500,000
Unit 8	0.86	1.20	24,500,000
The BTU weighted annual emission rate average over the units if they are operated in accordance with the proposed averaging plans = 0.76 lb/MMBtu  BTU weighted annual average emission rate for same units operated in compliance with 40 CFR 76 = 0.76 lb/MMBtu			

Table 3			
List of Sources Participating in the NO <sub>x</sub> Averaging Plan Effective through and including 2016			
Source Names	No. of Units	Source Names	No. of Units
Bailly	2	Michigan City	1
R. M. Schahfer	2		
		<b>Total No. of Units</b>	<b>5</b>
		<b>Total No. of Sources</b>	<b>3</b>

- (a) The designated representative of a unit meeting the requirements of 40 CFR 76.11 (a)(1), (a)(2), and (a)(8) may submit an averaging plan to the permitting authority(ies) at any time up to and including January 1 of the calendar year for which the averaging plan is to become effective.

### **Emissions Monitoring Requirements**

The Permittee and, to the extent applicable, the designated representative of Unit 7 and Unit 8 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 Title IV (Acid Rain) 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 Title IV (Acid Rain) permit renewal application are considered as part of the Title IV (Acid Rain) renewal permit.

### **Other Record Keeping and Reporting Requirements**

The source must keep copies of all reports and compliance certifications that it submits to demonstrate compliance with the requirements of the Title IV (Acid Rain) permit for five years. The source must submit the reports and compliance certifications required by the Title IV (Acid Rain) permit to the U.S. EPA and IDEM, OAQ. Record keeping and reporting requirements outlined in the Title IV (Acid Rain) renewal application are considered part of the Title IV (Acid Rain) renewal permit.

### **Submissions**

The designated representative for each emissions unit must sign and certify every report or other submission required by the Title IV (Acid Rain) renewal 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 the Permittee a notification regarding every submission. The designated representative must also notify the Permittee within ten (10) business days of the receipt of any written determination made by U.S. EPA or IDEM.

### **Draft Title IV (Acid Rain) Permit Renewal**

IDEM has preliminarily determined that the source meets the requirements of Indiana Code (IC) 13-17-3-4 and IC 13-17-3-11, as well as Title IV of the Clean Air Act. IDEM proposes this draft Title IV (Acid Rain) permit renewal pursuant to 326 IAC 21.

### **Recommendation**

The staff recommends that the Title IV Acid Rain permit renewal be approved. This recommendation is based on the following facts and conditions.

Unless otherwise stated, information used in this review was derived from the application and additional information submitted by the applicant.

<b>IDEM Contacts</b>
----------------------

(a) Permit

Questions regarding the proposed Title IV (Acid Rain) renewal permit can be directed to David Matousek at the Indiana Department Environmental Management (IDEM), Office of Air Quality (OAQ), 100 North Senate Avenue, MC 61-53 IGCN 1003, Indianapolis, Indiana 46204-2251 or by telephone at (317) 232-8253 or toll free at 1-800-451-6027 extension 2-8253.

(b) Compliance Inspection

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 Dan Hancock at the Office of Air Quality (OAQ) address or by telephone at (317) 232-8429 or toll free at 1-800-451-6027 extension 2-8429.

(c) Copies

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

Indiana Department of Environmental Management  
Office of Air Quality  
MC 61-53 IGCN 1003  
Indianapolis, Indiana 46204-2251

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>

## Technical Support Document - Appendix A - Phase II NO<sub>x</sub> Averaging Plan

**Company Name: NIPSCO - Bailly Generating Station**  
**Address: 246 Bailly Station Road, Chesterton, Indiana 46304**  
**Permit Number: AR 127-30126-00002**  
**Plt ID: 127-00002**  
**Reviewer: David J. Matousek**  
**Date: March 4, 2011**

NO <sub>x</sub> Averaging Units							
Effective through and including 2016 (See Note 2)							
Plant Name	State	ID#	R <sub>ij</sub> - 40 CFR 76 Emission Limitation (lb/MMBtu)	R <sub>Li</sub> - ACEL (lb/MMBtu)	HI <sub>i</sub> - Annual Heat Input Limit (MMBtu)	R <sub>ij</sub> x HI <sub>i</sub> (lb NO <sub>x</sub> )	R <sub>Li</sub> x HI <sub>i</sub> (lb NO <sub>x</sub> )
Bailly	IN	7	0.86	1.20	14,500,000	12,470,000	17,400,000
Bailly	IN	8	0.86	1.20	24,500,000	21,070,000	29,400,000
Michigan City	IN	12	0.86	0.65	24,200,000	20,812,000	15,730,000
R.M. Schafer	IN	14	0.86	0.65	13,800,000	11,868,000	8,970,000
R.M. Schafer	IN	15	0.46	0.25	25,300,000	11,638,000	6,325,000
$\sum_{i=1}^n HI_i$					102,300,000		
$\sum_{i=1}^n (R_{ij} \times HI_i)$						77,858,000	
$\sum_{i=1}^n (R_{Li} \times HI_i)$							77,825,000

$$BTUPLAN = \frac{\sum_{i=1}^n (R_{Li} \times HI_i)}{\sum_{i=1}^n HI_i} \leq BTUCFR = \frac{\sum_{i=1}^n (R_{ij} \times HI_i)}{\sum_{i=1}^n HI_i}$$

<b>BTUWPLAN</b>		<b>BTUWCFR</b>		
<b>0.76</b>	≤	<b>0.76</b>		
lb/MMBtu		lb/MMBtu		

**Where:**

- BTUWPLAN = Btu-weighted annual emission rate averaged over the units if they are operated in accordance with the proposed averaging plan
- BTUWCFR = Btu-weighted annual average emission rate for same units operated in compliance with 40 CFR 76.5, 76.6 or 76.7
- RLi = Alternative contemporaneous annual emission limitation (ACEL) for unit i, in lb/MMBtu
- Rli = Applicable emission limitation for unit i, in lb/MMBtu
- HIi = Annual Heat Input for unit i in MMBtu
- n = Number of units in the averaging plan
- ACEL = Alternative Contemporaneous Annual Emissions Limitation in lb/MMBtu

**Notes:**

- 1) BTUWPLAN must be less than or equal to BTUWCFR to show compliance
- 2) The information show in the table above was submitted by NIPSCO on March 11, 2011 and March 29, 2011.



# INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

*We Protect Hoosiers and Our Environment.*

*Mitchell E. Daniels Jr.*  
**Governor**

*Thomas W. Easterly*  
**Commissioner**

100 North Senate Avenue  
Indianapolis, Indiana 46204  
(317) 232-8603  
Toll Free (800) 451-6027  
[www.idem.IN.gov](http://www.idem.IN.gov)

## **SENT VIA U.S. MAIL: CONFIRMED DELIVERY AND SIGNATURE REQUESTED**

**TO:** Kelly Carmichael  
NIPSCO – Bailly Generating Station  
801 E. 86<sup>th</sup> Ave  
Merrillville, IN 46410

**DATE:** May 27, 2011

**FROM:** Matt Stuckey, Branch Chief  
Permits Branch  
Office of Air Quality

**SUBJECT:** Final Decision  
Acid Rain - Renewal  
127-30126-00002

Enclosed is the final decision and supporting materials for the air permit application referenced above. Please note that this packet contains the original, signed, permit documents.

The final decision is being sent to you because our records indicate that you are the contact person for this application. However, if you are not the appropriate person within your company to receive this document, please forward it to the correct person.

A copy of the final decision and supporting materials has also been sent via standard mail to:  
Philip Pack (Sr. VP Bailly Generating Station)  
OAQ Permits Branch Interested Parties List

If you have technical questions regarding the enclosed documents, please contact the Office of Air Quality, Permits Branch at (317) 233-0178, or toll-free at 1-800-451-6027 (ext. 3-0178), and ask to speak to the permit reviewer who prepared the permit. If you think you have received this document in error, please contact Joanne Smiddie-Brush of my staff at 1-800-451-6027 (ext 3-0185), or via e-mail at [jbrush@idem.IN.gov](mailto:jbrush@idem.IN.gov).

Final Applicant Cover letter.dot 11/30/07



# INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

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Toll Free (800) 451-6027  
[www.idem.IN.gov](http://www.idem.IN.gov)

May 27, 2011

TO: Hageman Memorial Public Library

From: Matthew Stuckey, Branch Chief  
Permits Branch  
Office of Air Quality

Subject: **Important Information for Display Regarding a Final Determination**

**Applicant Name: NIPSCO – Bailly Generating Station**  
**Permit Number: 127-30126-00002**

You previously received information to make available to the public during the public comment period of a draft permit. Enclosed is a copy of the final decision and supporting materials for the same project. Please place the enclosed information along with the information you previously received. To ensure that your patrons have ample opportunity to review the enclosed permit, **we ask that you retain this document for at least 60 days.**

The applicant is responsible for placing a copy of the application in your library. If the permit application is not on file, or if you have any questions concerning this public review process, please contact Joanne Smiddie-Brush, OAQ Permits Administration Section at 1-800-451-6027, extension 3-0185.

Enclosures  
Final Library.dot 11/30/07

# Mail Code 61-53

IDEM Staff	MIDENNEY 5/27/2011 NIPSCO - Bailly Station 127-30126-00002 (final)		Type of Mail:  <b>CERTIFICATE OF MAILING ONLY</b>	AFFIX STAMP HERE IF USED AS CERTIFICATE OF MAILING
Name and address of Sender		Indiana Department of Environmental Management Office of Air Quality – Permits Branch 100 N. Senate Indianapolis, IN 46204		

Line	Article Number	Name, Address, Street and Post Office Address	Postage	Handing Charges	Act. Value (If Registered)	Insured Value	Due Send if COD	R.R. Fee	S.D. Fee	S.H. Fee	Rest. Del. Fee	Remarks
1		Kelly R Carmichael NIPSCO - Bailly Station 801 E 86th Ave Merrillville IN 46410 (Source CAATS) via confirm delivery										
2		Philip W Pack Sr VP - Generation (Interim) NIPSCO - Bailly Station 801 E 86th Ave Merrillville IN 46410 (RO CAATS)										
3		Mr. Rudolph Nichols United Steelworkers of America 1301 Texas St, Room 217 Gary IN 46402 (Affected Party)										
4		Laurence A. McHugh Barnes & Thornburg 100 North Michigan South Bend IN 46601-1632 (Affected Party)										
5		Hageman Memorial Public Library 100 Francis Porter IN 46304 (Library)										
6		Porter County Board of Commissioners 155 Indiana Ave, Ste 205 Valparaiso IN 46383 (Local Official)										
7		Porter County Health Department 155 Indiana Ave, Suite 104 Valparaiso IN 46383-5502 (Health Department)										
8		Shawn Sobocinski 3229 E. Atlanta Court Portage IN 46368 (Affected Party)										
9		Mr. Ed Dybel 2440 Schrage Avenue Whiting IN 46394 (Affected Party)										
10		Ms. Carolyn Marsh Lake Michigan Calumet Advisory Council 1804 Oliver St Whiting IN 46394-1725 (Affected Party)										
11		Mr. Dee Morse National Park Service 12795 W Alameda Pky, P.O. Box 25287 Denver CO 80225-0287 (Affected Party)										
12		Mr. Joseph Virgil 128 Kinsale Avenue Valparaiso IN 46385 (Affected Party)										
13		Mark Coleman 9 Locust Place Ogden Dunes IN 46368 (Affected Party)										
14		Mr. Chris Hernandez Pipefitters Association, Local Union 597 8762 Louisiana St., Suite G Merrillville IN 46410 (Affected Party)										
15		Eric & Sharon Haussman 57 Shore Drive Ogden Dunes IN 46368 (Affected Party)										

Total number of pieces Listed by Sender  <b>14</b>	Total number of Pieces Received at Post Office	Postmaster, Per (Name of Receiving employee)	The full declaration of value is required on all domestic and international registered mail. The maximum indemnity payable for the reconstruction of nonnegotiable documents under Express Mail document reconstructing insurance is \$50,000 per piece subject to a limit of \$50, 000 per occurrence. The maximum indemnity payable on Express mil merchandise insurance is \$500. The maximum indemnity payable is \$25,000 for registered mail, sent with optional postal insurance. See <b>Domestic Mail Manual R900, S913, and S921</b> for limitations of coverage on inured and COD mail. See <b>International Mail Manual</b> for limitations o coverage on international mail. Special handling charges apply only to Standard Mail (A) and Standard Mail (B) parcels.
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# Mail Code 61-53

IDEM Staff	MIDENNEY 5/27/2011 NIPSCO - Bailly Station 127-30126-00002 (final)		Type of Mail:  <b>CERTIFICATE OF MAILING ONLY</b>	AFFIX STAMP HERE IF USED AS CERTIFICATE OF MAILING
Name and address of Sender		Indiana Department of Environmental Management Office of Air Quality – Permits Branch 100 N. Senate Indianapolis, IN 46204		

Line	Article Number	Name, Address, Street and Post Office Address	Postage	Handling Charges	Act. Value (If Registered)	Insured Value	Due Send if COD	R.R. Fee	S.D. Fee	S.H. Fee	Rest. Del. Fee
											Remarks
1		Chesterton Town Council 726 Broadway Chesterton IN 46304 (Local Official)									
2		Joseph Hero 11723 S Oakridge Drive St. John IN 46373 (Affected Party)									
3		Gitte Laasby Post Tribune 1433 E. 83rd Ave Merrillville IN 46410 (Affected Party)									
4		Mark Zeltwanger 26545 CR 52 Nappanee IN 46550 (Affected Party)									
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Total number of pieces Listed by Sender  <b>4</b>	Total number of Pieces Received at Post Office	Postmaster, Per (Name of Receiving employee)	The full declaration of value is required on all domestic and international registered mail. The maximum indemnity payable for the reconstruction of nonnegotiable documents under Express Mail document reconstructing insurance is \$50,000 per piece subject to a limit of \$50, 000 per occurrence. The maximum indemnity payable on Express mil merchandise insurance is \$500. The maximum indemnity payable is \$25,000 for registered mail, sent with optional postal insurance. See <b>Domestic Mail Manual R900, S913, and S921</b> for limitations of coverage on inured and COD mail. See <b>International Mail Manual</b> for limitations o coverage on international mail. Special handling charges apply only to Standard Mail (A) and Standard Mail (B) parcels.
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