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<b>Affected Unit: 4</b>					
<b>Year for SO<sub>2</sub> Allowances</b>	2012	2013	2014	2015	2016
<b>40 CFR Part 73.10</b>	13,742*	13,742*	13,742*	13,742*	13,742*
<b>NO<sub>x</sub> Limits and Requirements</b>					
<p>(i) Pursuant to 40 CFR Part 76, the Kentucky Division for Air Quality approves the NO<sub>x</sub> emissions averaging plan for this unit. This plan is effective for calendar year 2012 through 2016. Under this plan, determined in accordance with 40 CFR Part 75, this unit's NO<sub>x</sub> emissions shall not exceed the annual average alternative contemporaneous emissions limitation (ACEL) of 0.46 lb/MMBtu.</p> <p>(ii) In addition, the actual BTU-weighted annual average NO<sub>x</sub> emissions rate for the unit in the plan shall be less than or equal to the BTU-weighted annual average NO<sub>x</sub> emissions rate for the same unit had it been operated, during the same period of time, in compliance with the applicable emissions limitations under 40 CFR Part 76.5, 76.6, or 76.7.</p> <p>(iii) If the designated representative demonstrates that the requirement of condition (ii) (as set forth in 40 CFR 76.11(d)(1)(ii)(A)) is met for a year under the plan, then this unit shall be deemed to be in compliance for that year with its alternative contemporaneous annual emissions limitation set in condition (i).</p> <p>In addition to the described NO<sub>x</sub> compliance plan, this unit shall comply with all other applicable requirements of 40 CFR Part 76, including the duty to reapply for a NO<sub>x</sub> compliance plan and requirements covering excess emissions.</p>					

\* The number of allowances allocated to Phase II affected units by the U.S. EPA may change under 40 CFR part 73. In addition, the number of allowances actually held by an affected source in a unit account may differ from the number allocated by U. S. EPA. Neither of the aforementioned conditions necessitates a revision to the unit SO<sub>2</sub> allowance allocations identified in this permit (See 40 CFR 72.84).

**4. Compliance Plan:**

- a. The permittee shall operate in compliance with the requirements contained in the Acid Rain application and incorporated into this permit [40 CFR 72.9].
- b. The Division approves the NO<sub>x</sub> Average Plan submitted for these units for the NO<sub>x</sub> Emissions Compliance Plan, effective for the duration of this permit. Under this plan, a unit's NO<sub>x</sub> emissions shall not exceed the applicable annual average alternative contemporaneous emissions limitation (ACEL) listed in Subsection 3(a). [40 CFR 76]
  - (1) The actual Btu-weighted annual average NO<sub>x</sub> emission rate for 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 unit had it been operated, during the same period of time, in compliance with the individual applicable emission limitations under 40 CFR 76.5, 76.6, or 76.7 and listed in Subsection 3(a).

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## SECTION J -ACID RAIN PERMIT (CONTINUED)

- (2) For each unit, if the designated representative demonstrates that the requirement of Subsection 4(b)(1) is met for the plan year, then the unit shall be deemed to be in compliance for the year with its ACEL and associated heat input limit in Subsection 3.
- (3) If the designated representative cannot make the demonstration in Subsection 4(b)(1), according to 40 CFR 76.11(d)(1)(ii), for the plan year and if a unit fails to meet the annual average ACEL or has a heat input greater than the applicable value listed in Subsection 3, then excess emissions of NO<sub>x</sub> have occurred during the year for that unit.
- (4) As an alternative means of compliance demonstration, this emission unit shall not cause the system weighted average to exceed the applicable emission rate in accordance with 40 CFR 76.11(d)(B)(ii).

## SECTION K – CLEAN AIR INTERSTATE RULE (CAIR)

### 1) Statement of Basis

**Statutory and Regulatory Authorities:** In accordance with KRS 224.10-100, the Kentucky Energy and Environmental Cabinet issues this permit pursuant to 401 KAR 52:020, Title V permits, 401 KAR 51:210, CAIR NO<sub>x</sub> annual trading program, 401 KAR 51:220, CAIR NO<sub>x</sub> ozone season trading program, and 401 KAR 51:230, CAIR SO<sub>2</sub> trading program.

### 2) CAIR Application

The CAIR application for four electrical generating units was submitted to the Division and received on July 3, 2007. CAIR Requirements contained in that application are hereby incorporated into and made part of this Permit. Pursuant to 401 KAR 52:020, Section 3, the source shall operate in compliance with those requirements.

### 3) Comments, notes, justifications regarding permit decisions and changes made to the permit application forms during the review process, and any additional requirements or conditions.

The Affected unit is four (4) pulverized coal-fired steam generators (Emission Units 01-04). The affected units each have a nameplate capacity to generate greater than 25 megawatts of electricity, which is offered for sale. The unit uses coal as fuel source, and are authorized as base load electric generating units.

### 4) Summary of Actions

The CAIR Permit is being issued as part of the Title V permit for this source. Public, affected state, and U.S. EPA review will follow procedures specified in 401 KAR 52:100.

A December 2008 court decision kept the requirements of CAIR in place temporarily but directed EPA to issue a new rule to implement Clean Air Act requirements concerning the transport of air pollution across state boundaries. On July 6, 2011, the U.S. EPA finalized the Cross-State Air Pollution Rule (CSAPR). On December 30, 2011, CSAPR was stayed prior to implementation. On April 29, 2014, the U.S. Supreme Court issued an opinion reversing an August 21, 2012 D.C. Circuit decision that had vacated CSAPR. Following the remand of the case to the D.C. Circuit, EPA requested that the court lift the CSAPR stay and toll the CSAPR compliance deadlines by three years. On October 23, 2014, the D.C. Circuit granted EPA's request. CSAPR Phase I implementation is now in place and replaces requirements under EPA's 2005 Clean Air Interstate Rule.



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## SECTION L – CROSS-STATE AIR POLLUTION RULE (CSAPR)

The TR subject unit(s), and the unit-specific monitoring provisions at this source, are identified in the following table(s). These unit(s) are subject to the requirements for the Insert TR NO<sub>x</sub> Annual Trading Program, TR NO<sub>x</sub> Ozone Season Trading Program, and TR SO<sub>2</sub> Group 1 Trading Program.

Unit ID: 01-04, four pulverized coal-fired indirect heat exchangers					
Parameter	Continuous emission monitoring system or systems (CEMS) requirements pursuant to 40 CFR part 75, subpart B (for SO <sub>2</sub> monitoring) and 40 CFR part 75, subpart H (for NO <sub>x</sub> monitoring)	Excepted monitoring system requirements for gas- and oil-fired units pursuant to 40 CFR part 75, appendix D	Excepted monitoring system requirements for gas- and oil-fired peaking units pursuant to 40 CFR part 75, appendix E	Low Mass Emissions excepted monitoring (LME) requirements for gas- and oil-fired units pursuant to 40 CFR 75.19	EPA-approved alternative monitoring system requirements pursuant to 40 CFR part 75, subpart E
SO <sub>2</sub>	X				
NO <sub>x</sub>	X				
Heat input	X				

1. The above description of the monitoring used by a unit does not change, create an exemption from, or otherwise affect the monitoring, recordkeeping, and reporting requirements applicable to the unit under 40 CFR 97.430 through 97.435 (TR NO<sub>x</sub> Annual Trading Program), 97.530 through 97.535 (TR NO<sub>x</sub> Ozone Season Trading Program), 97.630 and through 97.635 (TR SO<sub>2</sub> Group 1 Trading Program). The monitoring, recordkeeping and reporting requirements applicable to each unit are included below in the standard conditions for the applicable TR trading programs.
2. Owners and operators must submit to the Administrator a monitoring plan for each unit in accordance with 40 CFR 75.53, 75.62 and 75.73, as applicable. The monitoring plan for each unit is available at the EPA's website at <http://www.epa.gov/airmarkets/emissions/monitoringplans.html>.
3. Owners and operators that want to use an alternative monitoring system must submit to the Administrator a petition requesting approval of the alternative monitoring system in accordance with 40 CFR part 75, subpart E and 40 CFR 75.66 and 97.435 (TR NO<sub>x</sub> Annual Trading Program), 97.535 (TR NO<sub>x</sub> Ozone Season Trading Program), and 97.635 (TR SO<sub>2</sub> Group 1 Trading Program). The Administrator's response approving or disapproving any petition for an alternative monitoring system is available on the EPA's website at <http://www.epa.gov/airmarkets/emissions/petitions.html>.

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## **SECTION L – CROSS-STATE AIR POLLUTION RULE (CSAPR) (CONTINUED)**

4. Owners and operators that want to use an alternative to any monitoring, recordkeeping, or reporting requirement under 40 CFR 97.430 through 97.434 (TR NO<sub>x</sub> Annual Trading Program), 97.530 through 97.534 (TR NO<sub>x</sub> Ozone Season Trading Program), and 97.630 through 97.634 (TR SO<sub>2</sub> Group 1 Trading Program) must submit to the Administrator a petition requesting approval of the alternative in accordance with 40 CFR 75.66 and 97.435 (TR NO<sub>x</sub> Annual Trading Program), 97.535 (TR NO<sub>x</sub> Ozone Season Trading Program), and 97.635 (TR SO<sub>2</sub> Group 1 Trading Program). The Administrator's response approving or disapproving any petition for an alternative to a monitoring, recordkeeping, or reporting requirement is available on EPA's website at <http://www.epa.gov/airmarkets/emissions/petitions.html>.
5. The descriptions of monitoring applicable to the unit included above meet the requirement of 40 CFR 97.430 through 97.434 (TR NO<sub>x</sub> Annual Trading Program), 97.530 through 97.534 (TR NO<sub>x</sub> Ozone Season Trading Program), and 97.630 through 97.634 (TR SO<sub>2</sub> Group 1 Trading Program), and therefore minor permit modification procedures, in accordance with 40 CFR 70.7(e)(2)(i)(B) or 71.7(e)(1)(i)(B), may be used to add to or change this unit's monitoring system description.