



STATE OF DELAWARE  
DEPARTMENT OF NATURAL RESOURCES  
& ENVIRONMENTAL CONTROL  
DIVISION OF AIR & WASTE MANAGEMENT  
156 S. STATE STREET  
DOVER, DELAWARE 19901

AIR QUALITY MANAGEMENT  
SECTION

TELEPHONE: (302) 739 - 4791  
FAX No.: (302) 739 - 3106

August 16, 2002

Indian River Operations, Inc  
Indian River Generating Station  
P.O. Box 408  
Power Plant Road  
Millsboro, Delaware 19966-0408

Attention: Mr Gerry Hopper, Plant Manager

Subject: Permit: AQM-005/00001-IV-R(1)

Dear Mr. Hopper:

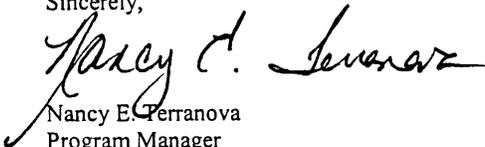
The Department has completed processing the Indian River Power, LLC's August 9, 2002, Phase II Permit Renewal Application that was submitted to the Department pursuant to Regulation No. 36 of the State of Delaware "Regulations Governing the Control of Air Pollution" and 40 CFR Part 72. The application was timely and complete. The application indicates that the Indian River Generating Station Units No. 1, 2, 3, and 4 are affected sources subject to Regulation No. 36 and 40 CFR Part 72. A "Draft" permit, satisfying the requirements of Regulation No. 36, is attached.

The attached "Draft" permit covers only the Acid Rain permit requirements of Regulation No. 36 and 40 CFR Part 72. The attached "Draft" permit does not satisfy future construction permit obligations. Prior to initiating any construction or modification activity the Indian River Generating Station must evaluate the applicability of, and, if required, secure necessary construction permit(s) pursuant to Regulation No. 2 or 25, and/or initiate necessary permit revision procedures pursuant to Regulation No. 36 and 40 CFR Part 72.

The Department is providing this "Draft" of the Regulation No. 36 permit to Indian River Power, LLC during the public notice required by Regulation No. 36). The public notice period will be no less than thirty (30) days, in accordance with Regulation No. 36), following publication in the Delaware State News and the News Journal on Sunday, August 18, 2002.

Any questions concerning the attached permit may be directed to me at (302) 323-4542 or Thomas I. Lilly at (302) 739-4791.

Sincerely,

  
Nancy E. Ferranova  
Program Manager  
Engineering & Compliance Branch

NET::TIL:sr  
f:\til\02057til.wpd

pc: James Sadowski - Indian River Operations, Inc.  
Dover Title IV/V file

*Delaware's good nature depends on you!*

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RECYCLED PAPER

**State of Delaware**  
**Department of Natural Resources & Environmental Control**  
**Division of Air & Waste Management**  
**Air Quality Management Section**  
**156 S. State Street**  
**Dover, DE 19903**

**Regulation No. 36 (Title IV) Operating Permit**  
**Facility I.D. Number: 00500001**  
**ORIS Code: 0594**  
**Permit Number: AQM 005/00001 - IV**

**Effective Date: \_\_\_\_\_ Expiration Date: \_\_\_\_\_**

Pursuant to the State of Delaware "Regulations Governing the Control of Air Pollution," Regulation No. 36 and 40 CFR §72, approval of the Department of Natural Resources and Environmental Control (Department) is hereby granted to operate the emission units listed in this permit; subject to the terms and conditions of this permit.

This approval is granted to:

<b>Permittee</b> (hereafter referred to as "Company")	<b>Plant Site Location</b> (hereafter referred to as "Facility")
Indian River Power LLC Indian River Generating Station P.O. Box 408 Power Plant Road Millsboro, DE 19966-0408	Indian River Operations, Inc. Indian River Generating Station P.O. Box 408 Power Plant Road Millsboro, DE 19966-0408  Responsible Official: Mr. Gerry Hopper, Plant Manager

The nature of business of the Facility is electrical power generation and distribution. The Standard Industrial Classification code is 4911.

The terms and conditions of this permit are enforceable by the Department and/or by the U.S. Environmental Protection Agency (EPA) as specifically designated in 40 CFR Part 72.

\_\_\_\_\_  
 Thomas I. Lilly  
 Environmental Engineer  
 Engineering & Compliance Branch  
 (302) 323-4542

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Robert J. Taggart  
 Program Manager  
 Engineering & Compliance Branch  
 (302) 323-4542

\_\_\_\_\_  
 Date

**Statement of Basis**

In accordance with 7 Del. C Chapter 60 and Title IV of the Clean Air Act, the State of Delaware Department of Natural Resources and Environmental Control issues this permit pursuant to **Regulation No. 36 and 40 CFR Part 72.**

Offices processing issuance of this Permit are as follows (ref. 40 CFR Part 72 §72.64 (b)(2)):

State of Delaware -DNREC Division of Air & Waste Management Air Quality Management Section 156 South State Street Dover, Delaware 19901 Attn: Program Administrator Phone: (302) 739-4791 FAX: (302) 739-3106	United States Environmental Protection Agency Associate Director of Enforcement (3AP00) 1650 Arch Street Philadelphia, Pennsylvania 19103  Phone: (215) 841-2100 FAX: (215) 841-2101
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**SO2 Allowance Allocation and NOx Requirements for each affected unit**

		1998	1999	2000	2001	2002
<b>Unit 1</b>	SO2 allowances under Table 2 of 40 CFR part 73	N/A	N/A	2972*	2972*	2972*
	Repowering Milestones	N/A	N/A	N/A	N/A	N/A
	NOx limit	Beginning January 1, 2000 the owner or operator of this Group 1 Phase II dry bottom wall fired boiler shall not discharge or allow to be discharged emissions of NOx in excess of 0.46 lb/mmBtu of heat input on an annual average basis.				

		1998	1999	2000	2001	2002
<b>Unit 2</b>	SO2 allowances under Table 2 of 40 CFR part 73	N/A	N/A	3158*	3158*	3158*
	Repowering Milestone	N/A	N/A	N/A	N/A	N/A
	NOx limit	Beginning January 1, 2000 the owner or operator of this Group 1 Phase II dry bottom wall fired boiler shall not discharge or allow to be discharged emissions of NOx in excess of 0.46 lb/mmBtu of heat input on an annual average basis.				

		1998	1999	2000	2001	2002
Unit 3	SO2 allowances under Table 2 of 40 CFR part 73	N/A	N/A	5396*	5396*	5396*
	Repowering Milestone	N/A	N/A	N/A	N/A	N/A
	NOx limit	Beginning January 1, 2000 the owner or operator of this Group 1 Phase II dry bottom wall fired boiler shall not discharge or allow to be discharged emissions of NOx in excess of 0.46 lb/mmBtu of heat input on an annual average basis				

		1998	1999	2000	2001	2002
Unit 4	SO2 allowances under Table 2 of 40 CFR part 73	N/A	N/A	13300*	13300*	13300*
	Repowering Milestone	N/A	N/A	N/A	N/A	N/A
	NOx limit	Beginning January 1, 2000 the owner or operator of this Group 1 Phase II dry bottom wall fired boiler shall not discharge or allow to be discharged emissions of NOx in excess of 0.46 lb/mmBtu of heat input on an annual average basis.				

\* The number of allowances held by an affected source may differ in a unit account from the number allocated by U.S. EPA under Table 2 of 40 CFR part 73 Tables 2, 3 and 4. In addition the number of allowances actually held by an affected source may differ from the number allocated by the U.S. EPA. Neither of the aforementioned conditions necessitate a revision to the unit SO2 allowance allocations identified in this permit (Reference 40 CFR 72.84)



# 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

Indian River	DE	0549
Plant Name	State	ORIS Code

**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 Commence Operation Date	e Monitor Certification Deadline
	b Unit Will Hold Allowances in Accordance with 40 CFR 72.9(c)(1)	c Repowering Plan		
1	Yes	NO	N/A	N/A
2	Yes	NO		
3	Yes	NO		
4	Yes	NO		
	Yes			

**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.

Indian River

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
- (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,

Indian River

Plant Name (from Step 1)

Recordkeeping and Reporting Requirements (cont.)

(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.

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<sub>x</sub> 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: Gerry Hopper	
Original Signed by Gerry Hopper	Date: 8/9/02

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

AIRS 10000500001
FIND DED000621888