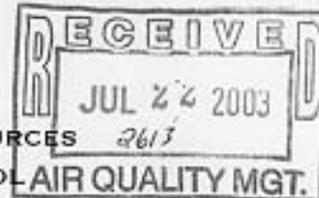




STATE OF DELAWARE  
DEPARTMENT OF NATURAL RESOURCES  
AND ENVIRONMENTAL CONTROL

89 KINGS HIGHWAY  
DOVER, DELAWARE 19901



PHONE: (302) 739-4403  
FAX: (302) 739-6242

OFFICE OF THE  
SECRETARY

cc: Ron, Ali, Mark

MEMORANDUM TO: Office of the Governor  
Members of the Senate Natural Resources and Environmental  
Control Committee  
Members of the House Environment and Natural Resources  
Committee

FROM : John Hughes, Secretary

SUBJECT : **START ACTION NOTICE**

DATE : July 21, 2003

Enclosed for your information is APPROVED Start Action Notice:  
#2003-10 to develop a new Distributed Generation Regulation covering on-site electric  
generators of small to medium capacity.

Division Directors  
Information and Education  
Those on Start Action Approval List  
Responsible Staff Member *AL*

*Delaware's Good Nature depends on you!*



2003-10  
APPROVED BY John Hepler  
**START ACTION NOTICE**  
DATE 7-21-03

1. **Type of Action:** Develop new Distributed Generation regulation covering on-site electric generators of small to medium capacity.
  
2. **Purpose of Action:** On-site electric generation is commonly referred to as distributed generation. In general, emissions from small and medium size on-site electric generators are currently uncontrolled in Delaware. Most of these units run on fossil fuels such as diesel, emit NO<sub>x</sub>, SO<sub>2</sub>, PM, CO, VOC and other pollutants at high rates, and contribute to the secondary formation of ground-level ozone and fine particulate matter (PM<sub>2.5</sub>). Some of these units are used by businesses, institutions and industries to supply full or part-time power, but most are used as backup units to supply electricity during utility power outages. In addition to the above functions, some of the units participate in load management (a.k.a. interruptible service) programs sponsored by electric utilities, wherein the units operate to help utilities meet peak demand. Those periods of peak demand frequently correspond with summer ozone action health alert days. This means that emissions from these units are frequently at their highest when the health threat from ozone is at its worst. At the same time, the use of on-site generators is a growing trend, and uncontrolled emissions from this category of sources are increasing. Therefore, the Department is initiating this action to specifically control this category of emitters. Because cleaner electric generator technologies are now available and are becoming increasingly cost-effective, the Department will propose to hold new units to more stringent emission standards than existing units. In addition to new units that commence operation on or after the compliance date (to be determined through the regulatory development process), the Department will propose that existing units be considered "new" if they join any type load management program on or after September 1, 2003. The purpose of the latter is two-fold: 1) to discourage existing high-emitting units from increasing their hours of operation by shifting from exclusive emergency utilization to participation in load management programs; 2) to immediately begin shifting to cleaner technologies for load management programs.
  
3. **Statutory Basis:** 7 Del. C., Chapter 60, Environmental Control.
  
4. **Likely Affected Public:** Owners of small and medium capacity on-site electric generators (hospitals, commercial establishments, schools, agriculture, etc.), whether used for full or part-time power, used in a utility load management program or used only for backup or emergencies.
  
5. **Proposed Schedule of Activities:**

Form review committee (9/03)  
Public Workshop (12/03)  
Public hearing (2/04)

Adoption (3/04)  
Effective Date (4/04)  
Public Notification (5/04)

6. **Review Committee:** A review committee will be formed, and in fact an ad hoc group has already been meeting on this issue for the past several months. Potential sources of membership include the agricultural community, electric utilities, the Public Service Commission, governmental agencies, medical institutions, public interest or environmental groups, and manufacturing or retail organizations.

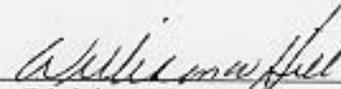
7. **Responsible Staff Member:**

Al Deramo  
Delaware DNREC  
Air Quality Management  
156 S. State St.  
Dover, DE 19901

Phone: (302) 739-4791  
Fax: (302) 739-3106  
Email: [alfred.deramo@state.de.us](mailto:alfred.deramo@state.de.us)

8. **Approvals:**

---

			
Responsible Staff Member	Division Director	7-21-03	
Date			Date