AIR QUALITY RULE UPDATE

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• Will be proposed in 1<sup>st</sup> quarter, 2011
• Modifications to rules for High Electric Demand Day Generating (HEDD) units
  – For the HEDD rules that became operative on May 19, 2009
  – Modifications requested during rule comment period
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• Option to classify a HEED unit as a GEU
  – For HEDD units that do not meet new NOx requirements
  – GEUs can operate during voltage reduction (brownouts) and power outages (blackouts)
  – Designed to ensure integrity of the PJM Grid
  – Minimal environmental impact, brownouts and blackouts have only occurred for 8 hours over the last 5 years
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• Extension of operating time for certain HEDD units
  – For those with a NOx control device with an efficiency greater than 30% (water injection)
  – Extension from 5/1/15 to 6/1/17
  – Extension granted
    • To allow facilities to recover costs of installation of the >30% NOx control device
    • To allow facilities additional time to develop alternatives for lost electric generating capacity
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– As of 6/1/17, these HEDD units must meet the new NOx requirements, become a GEU, or shutdown

• Exemption for engines which supply electric power to engine-associated process equipment (N.J.A.C. 7:27-19.8(g))
  – Engine has been integrated only to be used with equipment
  – Cannot be used for another purpose
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• Exemption for these engines is from NOx requirements at N.J.A.C. 7:27-19.8(e) only
  – N.J.A.C. 7:27-19.8(e) adopted in 2005 to regulate engines that would displace electric power that would have otherwise been generated from PJM grid
  – Reinstating prior NOx limits (8 g/bhp-hr) for the newly exempted engines
    • At major facilities
    • Size applicability- 370 kW (500 bhp) or greater
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• Minor revisions
  – Required combustion adjustments for engines >500 bhp which do not generate electricity (16.10(e) and 19.8(f)) (eleven such engines)
  – Clarification to NJAC 7:27-16.7(a). Word “other” added, not subject to Table 7A-7D, >3 lb/hr VOC and at a major facility,