

PRESENTATION TO MWAQC

***UNITED STATES OF AMERICA, THE
COMMONWEALTH OF VIRGINIA AND THE
STATE OF MARYLAND v. MIRANT
POTOMAC RIVER, LLC***

COMPLAINT FILED AND CONSENT DECREE
LODGED IN THE U.S. DISTRICT COURT, EASTERN
DISTRICT OF VIRGINIA, SEPTEMBER 27, 2004

MICHAEL G. DOWD
AIR ENFORCEMENT MANAGER, VA DEQ
OCTOBER 27, 2004

THE POTOMAC RIVER GENERATING STATION IS A --

- 400 MEGAWATT
- 5 UNIT COAL-FIRED ELECTRIC POWER PLANT
- BUILT BETWEEN 1949 AND 1954
- LOCATED IN ALEXANDRIA IN THE WASHINGTON D.C./NORTHERN VIRGINIA/SUBURBAN MARYLAND OZONE NONATTAINMENT AREA
- OWNED BY MIRANT POTOMAC RIVER, LLC

THE PERMIT

IN AN EFFORT TO BRING NORTHERN VIRGINIA INTO COMPLIANCE WITH THE NAAQS FOR OZONE, DEQ ISSUED POTOMAC RIVER A STATE OPERATING PERMIT IN SEPTEMBER 2000 THAT REQUIRED THE PLANT TO EMIT NO MORE THAN 1,019 TONS OF NO_x DURING THE OZONE SEASON BEGINNING IN 2003

THE PERMIT (CONT)

- POTOMAC RIVER COULD COMPLY WITH ITS LIMIT BY OBTAINING NO_x ALLOWANCES UNDER A STATE/EPA APPROVED TRADING PROGRAM
- HOWEVER, VA HAD NO NO_x TRADING PROGRAM IN EFFECT FOR 2003
- THUS, MIRANT HAD NO OPTION BUT TO COMPLY IN 2003 BY EMITTING NO MORE THAN 1,019 TONS OF NO_x

THE ALLEGED VIOLATION

**POTOMAC RIVER EMITTED 2,139
TONS OF NO_x IN THE 2003 OZONE
SEASON, WHICH WAS --**

**1,120 TONS OVER ITS NO_x EMISSION
LIMIT**

ACTIONS TAKEN BY DEQ

- ISSUED A NOTICE OF VIOLATION (NOV) TO POTOMAC RIVER ON 9/30/03
- ISSUED A REVISED NOV ON 10/20/03
- BECAUSE VA HAS A NO_x TRADING PROGRAM THAT BECAME EFFECTIVE IN 2004, DEQ COMMENCED THE PROCESS TO AMEND THE PLANT'S PERMIT TO PROHIBIT COMPLIANCE WITH NO_x EMISSION LIMIT BY TRADING

ENFORCEMENT OBJECTIVES AND CONSIDERATIONS

- MAXIMUM NO_x REDUCTIONS
- LISTEN TO THE COMMUNITY
 - RESTRICT USE OF AMMONIA (NO SCR/SNCR)
 - PROVIDE NO INCENTIVE FOR PROLONGED OPERATION OF PLANT
 - REDUCE PARTICULATES AND DUST
- ENSURE ELECTRIC SYSTEM RELIABILITY
- DETERRENCE

ENFORCEMENT ACTION

- OPPORTUNITY TO BE CREATIVE
- EXERCISE REGIONAL AND NATIONAL LEADERSHIP
- ENGAGED PARTICIPATION OF OAG, EPA, DOJ, AND STATE OF MARYLAND
- RESOLUTION EMBODIED IN THE CONSENT DECREE WILL BRING SUBSTANTIAL AIR QUALITY BENEFITS TO ALEXANDRIA AND NORTHERN VIRGINIA

CONCEPT BEHIND THE CONSENT DECREE

- MIRANT OWNS THREE OTHER PLANTS IN THE NORTHERN VA OZONE NONATTAINMENT AREA
 - MORGANTOWN, CHARLES COUNTY, MD (1,240 MW)
 - CHALK POINT, PRINCE GEORGES COUNTY, MD (700MW)
 - DICKERSON, MONTGOMERY COUNTY, MD (570MW)
- THESE OTHER PLANTS ARE SIGNIFICANTLY LARGER THAN POTOMAC RIVER, AND
 - THEY HAVE **NO** ENFORCEABLE NO_x CONTROLS, AND
 - THEY ARE **NOT** SUBJECT TO *ANY MEANINGFUL* NO_x EMISSIONS LIMITS (1998 RACT AGREEMENT)

CONCEPT BEHIND THE CONSENT DECREE (CONT)

OZONE IS A REGIONAL PROBLEM -

**A TON OF NO_x REDUCTION AT
POTOMAC RIVER WILL NOT
BENEFIT AIR QUALITY IN
NORTHERN VA ANY MORE THAN A
TON OF REDUCTION AT ONE OF
MIRANT'S OTHER PLANTS**

THE CONSENT DECREE WILL REQUIRE

- **NO_x LIMITS AT POTOMAC RIVER
SUBSTANTIALLY BELOW HISTORIC EMISSIONS**
- **INSTALLATION AND OPERATION OF LOW NO_x
BURNERS AND “SOFA” CONTROLS AT POTOMAC
RIVER**
- **FOUR-PLANT (SYSTEM-WIDE) OZONE SEASON
NO_x CAP SUBSTANTIALLY BELOW HISTORIC
EMISSIONS**

THE CONSENT DECREE WILL REQUIRE (CONT)

- SYSTEM-WIDE OZONE SEASON EMISSION RATE OF .15 lbs/MMBtu
- SYSTEM-WIDE ANNUAL NO_x CAP SUBSTANTIALLY BELOW HISTORIC EMISSIONS
- AT LEAST \$1MIL IN ENVIRONMENTAL PROJECTS TO CONTROL PARTICULATE AND DUST EMISSIONS FROM POTOMAC RIVER COAL YARD AND COAL HANDLING EQUIPMENT
- PAYMENT OF \$500K CIVIL FINE (\$250,000 TO VA)

MIRANT SYSTEM HISTORIC NO_x EMISSIONS

Year	Potomac River Ozone Season NO _x Emissions	Four Plant Ozone Season NO _x Emissions (No NO _x Emissions Limits)	Four Plant Annual NO _x Emissions (No NO _x Emissions Limits)
2002	2,596 tons	19,249 tons	45,000 tons

MIRANT CONSENT DECREE EMISSIONS LIMITS

Year	Potomac River Ozone Season NO _x Emissions Limit	Four Plant Ozone Season NO _x Emissions Limit	Four Plant Annual NO _x Emissions Limit
2004	1,750 tons <i>(-846 tons from 2002)</i>	14,700 tons <i>(-4,548 tons from 2002)</i>	36,500 tons <i>(-8,500 tons from 2002)</i>
2005	1,625 <i>(-971)</i>	13,340 <i>(-5,908)</i>	33,840 <i>(-11,160)</i>
2006	1,600 <i>(-996)</i>	12,590 <i>(-6,658)</i>	33,090 <i>(-11,910)</i>
2007	1,600 <i>(-996)</i>	10,190 <i>(-9,058)</i>	28,920 <i>(-16,080)</i>
2008	1,600 <i>(-996)</i>	6,150 <i>(-13,098)</i>	22,000 <i>(-23,000)</i>
2009	1,600 <i>(-996)</i>	6,150 <i>(-13,098)</i>	19,650 <i>(-25,350)</i>
2010 and each year thereafter	1,475 <i>(-1,121)</i>	5,200 <i>(-14,048)</i>	16,000 <i>(-29,000)</i>

COAL YARD PROJECTS

MIRANT WILL UNDERTAKE SEVERAL ENVIRONMENTAL PROJECTS AT A COST OF AT LEAST \$1MIL THAT WILL REDUCE PARTICULATE AND DUST EMISSIONS FROM POTOMAC RIVER'S COAL YARD AND COAL HANDLING EQUIPMENT BY UP TO **47 TONS** A YEAR

“DOWNWASH” STUDY

- **MIRANT WILL CONDUCT A “DOWNWASH” ANALYSIS, UNDER DEQ REVIEW, OF EMISSIONS FROM POTOMAC RIVER TO ASSESS THE IMPACT OF EMISSIONS ON THE SURROUNDING COMMUNITY**
- **SHOULD ANALYSIS INDICATE EMISSIONS CAUSE EXCEEDANCE OF NAAQS OR TOXICS STANDARD, MIRANT IS REQUIRED TO TAKE MEASURES TO ELIMINATE THE EXCEEDANCE**

NEXT STEPS

- PUBLIC COMMENT ON CONSENT DECREE
- ENTRY OF CONSENT DECREE BY DISTRICT COURT
- APPROVAL OF CONSENT DECREE BY BANKRUPTCY COURT
- REVISION OF POTOMAC RIVER PERMIT TO CONFORM TO CONSENT DECREE, WITH PUBLIC COMMENT
- DOWNWASH ANALYSIS TO COMMENCE IMMEDIATELY