STATEMENT OF BASIS for CARNEY’S POINT GENERATING PLANT

TITLE V OPERATING PERMIT SIGNIFICANT MODIFICATION
Program Interest (PI): 65498 / Permit Activity Number: BOP220001

I. FACILITY INFORMATION
Carneys Point Generating Plant is located at 500 Shell Road, Carneys Point, NJ 08069, Salem County and consists of an electric power generation facility. The facility is owned by Chambers Cogeneration, LP, and is operated by NAES Corporation.

The facility is classified as a major facility based on its potential to emit 1843.9 tons per year of Nitrogen oxides, 1378 tons per year of Carbon Monoxide, 49 tons per year of Volatile Organic Compounds, 2691.5 tons per year of Sulfur Dioxide, 244.58 tons per year of Total Suspended Particulate Matter, 241.58 tons per year of Particulate Matter less than 10 microns (PM$_{10}$), and 239.28 tons per year of Particulate Matter less than 2.5 microns (PM$_{2.5}$) to the atmosphere.

It is also classified as a major hazardous air pollutant (HAP) facility. A major HAP emitting facility is designated as major when the allowed emissions exceed 10 tons per year of any individual hazardous air pollutant or 25 tons per year of any combination of individual hazardous air pollutants that may be emitted simultaneously.

This permit allows individual hazardous air pollutants to be emitted at a rates to not exceed: 1.02412 tons per year (TPY) of Arsenic, 0.05009 TPY of Beryllium, 0.02609 TPY of Cadmium, 0.446 TPY of Chromium, 1.7 TPY of Cobalt, 0.0001372 TPY of Dimethylbenz(a)anthracene (7,12-), 2.7692 TPY of Formaldehyde, 91.4 TPY of Hydrogen Chloride, 24.4 TPY of Hydrogen Fluoride, 0.35 TPY of Lead, 13.1 TPY of Manganese, 0.0132 TPY of Mercury, 10.5 TPY of Nickel, 27.6 TPY of Phosphorus, 0.22 TPY of Polycyclic Organic Matter, and 6.3 TPY of Selenium.

II. AREA ATTAINMENT CLASSIFICATION
The Federal Clean Air Act (CAA) sets National Ambient Air Quality Standards (NAAQS) for six common air pollutants. These commonly found air pollutants (also known as "criteria pollutants") are particulate matter, ground-level ozone, carbon monoxide (CO), sulfur dioxide (SO2), nitrogen dioxide (NO2), and lead. The US Environmental Protection Agency (USEPA) also classifies areas as "attainment" or "nonattainment" for each criteria pollutant, based on the magnitude of an area's problem. Nonattainment classifications are used to specify what air pollution reduction measures an area must adopt, and when the area must reach attainment. Currently, the entire State of New Jersey is designated as nonattainment for the 8-hour ozone NAAQS. New Jersey is designated attainment for all other pollutants. For nonattainment classification refer to https://www.epa.gov/green-book/green-book-national-area-and-county-level-multi-pollutant-information.

III. BACKGROUND AND HISTORY
The equipment that emits air contaminants from this facility include: two 1,389 Million British Thermal Unit per hour (BTU/hr) (112 Mega Watt) coal-fired steam generating boilers, one 77 Million BTU/hr No. 2 oil-fired auxiliary boiler, 2 new trailer mounted 99.9 Million BTU/hr natural gas fired boilers, and associated coal-, lime-, and ash-handling and emission control equipment. Both coal-fired boilers are also permitted to burn # 2 fuel oil and # 6 fuel oil. Both coal-fired boilers are equipped with a Selective Catalytic Reduction (SCR) for control of Nitrogen Oxide(s) emissions, a spray dryer absorber for control of sulfur dioxide emissions, and a baghouse for control of particulate matter.

Health Risk Assessment was conducted as part of the review of this permit application and health risk was determined to be negligible to the Department consistent with NJDEP Technical Manual 1003.

Table 1 - Operating Permit Revision History (located at the end of this document) provides a summary of all the changes that have been incorporated into the operating permit through seven-day notice changes, administrative amendments, minor modifications, or significant modifications since the approval of the initial operating permit or the most recent renewal thereof.

This is a Permit Modification and includes the following changes:
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Addition of two new trailer mounted boilers to the facility. The intent is that these boilers will take over steam production that can be used to satisfy the steam supply agreement with the neighboring chemical plant. This would allow for steam coverage during the transitory period between shutdown of the coal fired operations and installation/modification of stationary sources at the facility to permanently replace the coal operations.

Potential emissions from the proposed two new boilers are below 25 tons of nitrogen oxides (NOx) and volatile organic compounds (VOC). As Carney’s Point Generating Plant has had no contemporaneous emissions increases, this project does not trigger New Source Review threshold per N.J.A.C. 7:27-18.

Similarly, potential emissions from the proposed two new boilers are below 10 tons of particulate matter smaller than 2.5 microns (PM-2.5) and below other relevant modification thresholds in 40 CFR 52.21. Therefore, this project does not create a significant emissions increase, and this is not a major modification under the Prevention of Significant Deterioration (PSD) rules.

This modification will change the facility-wide emission limits as listed in the following table:

<table>
<thead>
<tr>
<th>Allowable Emission Limits</th>
<th>Facility’s Potential Emissions (tons per year)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VOC (total)</td>
</tr>
<tr>
<td>Current Permit</td>
<td>44.55</td>
</tr>
<tr>
<td>Proposed Permit</td>
<td>49.07</td>
</tr>
<tr>
<td>Change (+ / -)</td>
<td>+4.52</td>
</tr>
</tbody>
</table>

VOC Volatile Organic Compounds
NOx Nitrogen Oxides
CO Carbon Monoxide
SO2 Sulfur Dioxide
TSP Total Suspended Particulates
PM10 Particulates under 10 microns
PM2.5 Particulates under 2.5 microns
Pb Lead
HAPs Hazardous Air Pollutants
CO2e Carbon Dioxide equivalent
* Other Any other air contaminant regulated under the Federal Clean Air Act. There is no change to the ammonia or methane emissions.

IV. CASE-BY-CASE DETERMINATIONS
No case-by-case determinations were required for this modification.

V. EMISSION OFFSET REQUIREMENTS
This modification is not subject to Emission Offset requirements.

VI. BASIS FOR MONITORING AND RECORDKEEPING REQUIREMENTS
The facility’s operating permit includes monitoring, recordkeeping and reporting requirements that are sufficient to demonstrate the facility’s continued compliance with the applicable requirements consistent with the following:

1. Provisions to implement the testing and monitoring requirements of N.J.A.C. 7:27-22.18, the recordkeeping and reporting requirements of N.J.A.C. 7:27-22.19, and all emissions monitoring and analysis procedures or compliance assurance methods required under the applicable requirements, including any procedures and methods promulgated pursuant to 40 CFR 64; and

2. Where the applicable requirement does not require direct periodic monitoring of emissions, the Department requires periodic monitoring of surrogate parameters sufficient to yield reliable data
from the relevant time period that are representative of the facility’s compliance with the permit. In this case, monitoring of fuel consumption is required for the new boilers for purposes of monitoring compliance with the fuel use limit.

3. In some cases, direct periodic monitoring of emissions and/or surrogate parameters is not required due to one or more of the following:

   • Equipment size and capacity limitations,
   • Subject equipment being permitted at the maximum rated capacity,
   • There is no specific state or Federal standard that applies to this piece of equipment,
   • Not a pollutant of concern for this piece of equipment,
   • Agreements with EPA on the frequency of testing and monitoring for combustion sources.

VII. APPLICABLE STATE AND FEDERAL RULES
This modification is subject to New Jersey Air Pollution Control Regulations, codified in N.J.A.C. 7:27-1 through 34, as applicable. A complete text of these regulations is available at: http://www.nj.gov/dep/aqm/rules27.html

This modification is also subject to Federal regulations listed below.

NSPS Subpart A: General Provisions
NSPS Subpart Dc: Standards of Performance for Small Industrial-Commercial-Institutional Steam Generating Units
MACT Subpart A: General Provisions

The Greenhouse Gas (GHG) emissions from this facility were 2,529,224 TPY CO2e and now are 2,633,093 TPY CO2e, where is a 103,869 TPY GHG emissions increase. This modification is not subject to PSD rules at 40 CFR 52.21.

VIII. FACILITY’S COMPLIANCE STATUS
The Responsible Official at the facility has certified that the facility currently meets all applicable requirements of the Federal Clean Air Act and the New Jersey Air Pollution Control Act. Based on this certification, the Department’s evaluation of the information included in the facility’s application, and a review of the facility’s compliance status, the Department has concluded that this air pollution control operating permit should be approved.

This operating permit includes a permit shield, pursuant to the provisions of N.J.A.C. 7:27-22.17. A permit shield provides that compliance with the relevant conditions of the operating permit shall be deemed compliance with the specific applicable requirements that are in effect on the date of issuance of the draft operating permit, and which form the basis for the conditions in the operating permit.

Prior to the expiration of the Operating Permit’s five-year term, the facility will be required to apply for a renewal, at which time the Department will evaluate the facility and issue a public notice with its findings.

IX. EXEMPT ACTIVITIES
The facility’s operating permit does not include exempt activities such as office and interior maintenance activities, maintenance shop activities, food preparation facilities, cafeterias and dining rooms, etc. A complete list of exempt activities, as allowed by the Operating Permit rule, can be found at N.J.A.C. 7:27-22.1.
Table 1 - Operating Permit Revision History  
Carney’s Point Generating Plant

<table>
<thead>
<tr>
<th>Permit Activity Number</th>
<th>Type of Revision</th>
<th>Description of Revision</th>
<th>Final Action Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOP210001</td>
<td>Minor Modification</td>
<td>Minor modification of the permit per request of NJDEP to include Methane PTE as a permit condition</td>
<td>8/17/21</td>
</tr>
<tr>
<td>BOP190002</td>
<td>Minor Modification</td>
<td>This minor modification adds conditions to the operating permit to reflect the new Regional Greenhouse Gas Initiative (RGGI) requirements per the NJDEP RGGI regulations. This modification also updates the facility contact information for multiple positions.</td>
<td>1/8/20</td>
</tr>
</tbody>
</table>
| BOP190001             | Administrative Amendment | This Administrative Amendment is being submitted to NJDEP by Carneys Point Generating Plant in order to update the Facility Profile section's contact information to reflect changes in Plant Staff for the following contacts:  
1) Air Permit Information Contact  
2) BOP - Operating Permits  
3) Emission Statements  
4) Fees/Billing Contact | 1/22/19          |
| BOP180002             | Administrative Amendment | This Administrative Amendment is intended to update the Facility Contact information to accurately reflect a change in plant manager to Vincent J. Apostolico. | 5/17/18          |
| BOP180001             | Administrative Amendment | This administrative amendment is intended to update the contact information for the facility. The new owner and Responsible Official's name is Robert R. Noble. | 4/5/18           |
| BOP170004             | Administrative Amendment | This administrative amendment is intended to update the contact information for the facility. The On-Site Manager contact has been changed to Mike Salvador. | 11/3/17          |
| BOP170003             | Administrative Amendment | Enclosed is an administrative amendment application for the existing operating permit (BOP170001) for the Carneys Point Generating Plant, Facility ID 65498. This application is being submitted to:  
o Delete inactive or duplicated emission units  
o Reduce duplicative requirements for identical emission units.  
o Replacement of O2 CEMs with a CO2 based CEMs approach. | 7/13/17          |
| BOP170001             | Administrative Amendment | The reason for this Administrative Amendment Application is to update the contact information to correctly represent the current On-Site Manager and Owner. | 4/10/17          |
The permittee shall conduct an annual performance test for each pollutant in Table 2 of 40CFR62 Subpart LLL between 11 and 13 calendar months after the previous performance test or within 60 days of a process change. [40 CFR 62.16000(a)].

Other: Conduct the performance test using the test methods, averaging methods and minimum sampling volumes or durations as specified in 40CFR62 Subpart LLL and according to the testing, monitoring and calibration requirements specified in 40 CFR 62.16015(a). [40 CFR 62.16000(a)].

Other: (1) Maintain records of the results of initial, annual and any subsequent performance tests conducted to determine compliance with the emission limits and standards and/or to establish operating limits, as applicable. [40 CFR 62.16025(e)].

Submit a report: Annually to the Administrator and to the Department. The permittee shall submit an annual compliance report as specified in 40 CFR 62. [40 CFR 62.16000(d)].