

29 June 2011

Mr. Clifford McGinnes
Block Island Power Company
P.O. Box 518
Block Island, RI 02807

Dear Mr. McGinnes:

The Department of Environmental Management, Office of Air Resources has reviewed and approved your request to continue operating and testing Engine 26 through September 2011 as part of a continuation of the Field Follow Test Program with Caterpillar.

Enclosed is a temporary minor source permit issued pursuant to our review of your request (Approval No. 2129). This temporary minor source permit will expire on 30 December 2011

If there are any questions concerning this permit, please contact me at 222-2808, extension 7011.

Sincerely,

Douglas L. McVay
Acting Chief
Office of Air Resources

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
OFFICE OF AIR RESOURCES

MINOR SOURCE PERMIT

BLOCK ISLAND POWER COMPANY

APPROVAL NO. 2129

Pursuant to the provisions of Air Pollution Control Regulation No. 9, this minor source permit is issued to:

Block Island Power Company

For the following:

Installation of a Caterpillar Model 3516CDITA Tier 4 engine-generator set including a

Caterpillar Clean Emissions Module consisting of a selective catalytic reduction system and a diesel oxidation catalyst.

Located at: *100 Ocean Avenue, New Shoreham*

This permit shall be effective from the date of its issuance and shall remain in effect until 30 December 2011 unless extended by, revoked by or surrendered to the Department. This permit does not relieve *Block Island Power Company* from compliance with applicable state and federal air pollution control rules and regulations. The design, construction and operation of this equipment shall be subject to the attached permit conditions and emission limitations.

Douglas L. McVay, Acting Chief
Office of Air Resources

Date of Issuance

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
OFFICE OF AIR RESOURCES**

Permit Conditions and Emission Limitations

BLOCK ISLAND POWER COMPANY

APPROVAL NO. 2129

A. Emission Limitations – Engine No. 26

1. Nitrogen Oxides

The quantity of nitrogen oxides emitted from the entire facility shall not exceed 70,000 lbs in any consecutive 12-month period.

2. Sulfur Dioxide

The sulfur content of all diesel fuel burned in the engine shall not exceed 15 ppm by weight.

3. Visible emissions from the engine shall not exceed 10% opacity except for a period or periods aggregating no more than three minutes in any one-hour. This visible emission limitation shall not apply during startup of the engine. Startup shall be defined as the first ten minutes of firing following the initiation of firing.

B. Operating Requirements

1. The SCR and urea injection system shall be operated at all times that Engine 26 is operating except for:

a. engine startup; Engine startup shall be defined as the first ten minutes of firing following the initiation of firing;

b. engine shutdown; Engine shutdown shall be defined as the cessation of operation for any purpose;

C. Continuous Monitoring

1. Engine 26 shall be equipped with a non-resettable elapsed time meter to indicate, in cumulative hours, the elapsed engine operating time for the unit.

2. The generator shall be equipped with a kilowatt-hour meter to indicate, in cumulative kilowatt-hours, the power generated by the engine-generator set.

D. Fuel Oil Testing

1. Compliance with the diesel fuel sulfur limit shall be determined based on a certification from the fuel supplier. Fuel supplier certifications shall include the following information:
 - a. The name of the fuel supplier;
 - b. The sulfur content of the fuel from which the shipment came or the shipment itself;
 - c. The location of the fuel when the sample was drawn for analysis to determine the sulfur content of the fuel, specifically including whether the fuel was sampled as delivered to Block Island Power Company or whether the sample was drawn from fuel in storage at the fuel supplier's facility or another location;
 - d. The method used to determine the sulfur content of the fuel.
2. As an alternative to fuel supplier certification, the owner/operator may elect to sample the fuel prior to combustion. Sampling and analysis shall be conducted for the fuel in the initial tank(s) of fuel to be fired in the engine and after each new shipment of fuel is received. Samples shall be collected from the fuel tank immediately after the fuel tank is filled and before any fuel is combusted.

E. Record Keeping and Reporting

1. The owner/operator shall, on a monthly basis, no later than 10 days after the first of each month, determine the nitrogen oxides emissions for the entire facility for the previous 12 months. The owner/operator shall keep records of this determination and provide such records to the Office of Air Resources or its authorized representative and EPA upon request.
2. The owner/operator shall notify the Office of Air Resources in writing within 15 days, whenever the quantity of nitrogen oxides emitted from the facility exceeds 70,000 lbs in any consecutive 12-month period.
3. The owner/operator shall, on a monthly basis, no later than 10 days after the first of each month, determine and record the hours of operation for Engine 26 for the previous month. The owner/operator shall keep records of this determination and provide such records to the Office of Air Resources or its authorized representative and EPA upon request.
4. The owner/operator shall, on a monthly basis, no later than 10 days after the first of each month, determine and record the kilowatt-hours generated for the Engine 26

generator set for the previous month. The owner/operator shall keep records of this determination and provide such records to the Office of Air Resources or its authorized representative and EPA upon request.

5. The owner/operator shall, on a monthly basis, no later than 10 days after the first of each month, determine and record the fuel usage for Engine 26 for the previous month. The owner/operator shall keep records of this determination and provide such records to the Office of Air Resources or its authorized representative and EPA upon request.
6. The owner/operator shall maintain copies of all fuel supplier certifications or fuel analyses and these copies shall be made accessible for review by the Office of Air Resources or its authorized representative and EPA. These records shall include a certified statement, signed by the owner/operator of the facility, that the records represent all of the fuel combusted at the facility.
7. The owner/operator shall notify the Office of Air Resources in writing of any planned physical or operational change to any equipment that would:
 - a. Change the representation of the facility in the application.
 - a. Alter the applicability of any state or federal air pollution rules or regulations.
 - b. Result in the violation of any terms or conditions of this permit.
 - c. Qualify as a modification under APC Regulation No. 9.

Such notification shall include:

- Information describing the nature of the change.
- Information describing the effect of the change on the emission of any air contaminant.
- The scheduled completion date of the planned change.

Any such change shall be consistent with the appropriate regulation and have the prior approval of the Director.

8. Deviations from permit conditions shall be reported, in writing, within five (5) business days of the deviation, to the Office of Air Resources. Reports shall describe the probable cause of such deviations, and any corrective actions or preventive measures taken.

9. All records required in this permit shall be maintained for a minimum of five years after the date of each record and shall be made available to representatives of the Office of Air Resources or its authorized representative and EPA upon request.

F. Other Permit Conditions

1. Employees of the Office of Air Resources and its authorized representatives shall be allowed to enter the facility at all times for the purpose of inspecting any air pollution source, investigating any condition it believes may be causing air pollution or examining any records required to be maintained by the Office of Air Resources.
2. At all times, including periods of startup, shutdown and malfunction, the owner/operator shall, to the extent practicable, maintain and operate the emergency generator in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on information available to the Office of Air Resources which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures and inspection of the emergency generator.
3. The Memorandum of Test Exemption issued by USEPA under 40 CFR 1068.210 must remain valid for Engine 26 for the duration of the Field Follow Test program.
4. At the end of the Field Follow Test program, Engine 26 shall either be physically removed from the facility or the owner/operator shall apply for and obtain a minor source permit for the continued operation of Engine 26.
5. No later than 1 October 2011, the owner/operator shall notify the Office of Air Resources if it plans to continue to operate Engine 26 beyond the end of the Field Follow Test program.
6. If the owner/operator plans to continue to operate Engine 26 beyond the end of the Field Follow Test program, a complete minor source permit application that contains all of the elements in subsection 9.3.9 of Air Pollution Control Regulation No. 9 must be filed with the Office of Air Resources no later than 1 October 2011.