



STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION



In the matter of)
)
The State of Connecticut and) Trading Agreement
) and Order No. 8242
)
PSEG Power Connecticut LLC)

Whereas, the Commissioner of Environmental Protection ("Commissioner") and PSEG Power Connecticut LLC ("PSEG") agree that it is in the public interest that they work cooperatively to improve the air quality within the State of Connecticut and that the use of emission reduction trading will achieve this result in a timely and cost-effective manner:

- A. At the request and with the agreement of PSEG, the Commissioner finds the following:
 - 1. PSEG is an exempt wholesale electric generating company with its principal place of business in Newark, New Jersey. On December 6, 2002 PSEG purchased from Wisvest-Connecticut, LLC and now owns a fossil fuel-fired electric generating station at 1 Atlantic Street in Bridgeport, Connecticut ("facility").
 - 2. At the facility, PSEG operates Bridgeport Harbor Station Unit 2, Connecticut Registration No.00150162, an oil-fired cyclone boiler, currently rated at 170 megawatts ("boiler"). The boiler operates on No. 6 or No. 2 fuel oil. No. 2 fuel oil is used primarily as a start-up fuel. A continuous emissions monitor ("CEM"), certified to 40 Code of Federal Regulations Part 75, measures nitrogen oxide ("NOx") emissions from the boiler.
 - 3. During the year 1997, based on CEM monitoring data, the annual NOx emissions for Bridgeport Harbor Station Unit 2 were 1,095 tons. The unit operated for 5,320 hours and combusted 34,885,616 gallons of No. 6 oil and 61,781 gallons of No. 2 oil.
 - 4. During the year 1998, based on CEM monitoring data,

the annual NOx emissions for Bridgeport Harbor Station Unit 2 were 920 tons. The unit operated for 4,493 hours and combusted 31,110,827 gallons of No. 6 oil and 71,527 gallons of No. 2 oil.

5. The NOx RACT emission limit for Unit 2 is 0.43 lb/MMBtu, which applies to firing on No. 6 oil or No. 2 oil, either individually or in combination.
6. On December 6, 2002 PSEG purchased from Wisvest-Connecticut, LLC and now owns 200 tons of NOx CERCs, SN#CT4NOx00-015-0045-7668-200. These 200 tons of NOx CERCs were approved under Trading Agreement and Order 8187.
7. Pursuant to Section 22a-174-22(j) of the Regulations, PSEG intends to limit the NOx emissions from Unit 2 to 192 tons annually to maintain the NOx CERCs approved under Trading Agreement and Order 8187 issued to Wisvest-Connecticut, LLC.

B. With the agreement of PSEG, the Commissioner, acting under Sections 22a-6, 22a-171, 22a-174, 22a-176, and 22a-177 of the Connecticut General Statutes, orders PSEG as follows:

1. PSEG shall limit annual NOx emissions from the boiler to no more than 192 tons during any calendar year.
2. PSEG shall maintain records for the boiler showing daily NOx mass emissions, actual fuel consumed on a daily basis, and running totals of each of the foregoing for the current calendar year.
3. No later than March 1 of every year after issuance of this Trading Agreement and Order, PSEG shall include with the Annual Emission Statement provided to the Commissioner, a record of each sale or other transfer, and use of any and all of the 200 tons of CERCs referenced in paragraph A.6. of this Trading Agreement and Order until all such CERCs have been used. PSEG shall also include actual NOx emissions from the boiler. These reports shall be on a form prescribed by the Commissioner.
4. PSEG shall retain records and supporting documentation as described in this Trading Agreement and Order for a

minimum of five years, commencing on the date such records were created. PSEG shall provide the records specified above to the Commissioner within thirty (30) days of receipt of a written request from the Commissioner.

5. Any NOx allowances allocated to the boiler and received by PSEG pursuant to Sections 22a-174-22a or 22a-174-22b of the Regulations shall not be eligible for conversion to offset credits. In addition, the 200 tons per year of NOx CERCS referenced in paragraph A.6. of this Trading Agreement and Order shall be used as offset credits only by stationary sources subject to Sections 22a-174-22a or 22a-174-22b of the Regulations or by stationary sources subject to a NOx budget program established by another state in accordance with the Ozone Transport Commission Memorandum of Understanding dated September 27, 1994 or 40 Code of Federal Regulations Part 96.
6. Approvals. PSEG shall use best efforts to submit to the Commissioner all documents required by this Trading Agreement and Order in a complete and approvable form. If the Commissioner notifies PSEG that any document or other action is deficient, and does not approve it with conditions or modifications, it is deemed disapproved, and PSEG shall correct the deficiencies and resubmit it within the time specified by the Commissioner or, if no time is specified by the Commissioner, within 30 days of the Commissioner's notice of deficiencies. In approving any document or other action under this Trading Agreement and Order, the Commissioner may approve the document or other action as submitted or performed or with such conditions or modifications as the Commissioner deems necessary to carry out the purposes of this Trading Agreement and Order. Nothing in this paragraph shall excuse noncompliance or delay.
7. Definitions. As used in this Trading Agreement and Order, "Commissioner" means the Commissioner of Environmental Protection or an agent of the Commissioner. "Ozone season" means the period from May 1 through September 30 in any given calendar year. The date of "issuance" of this Trading Agreement and Order is the date the Trading Agreement and Order is deposited in the U.S. mail or personally delivered, whichever is earlier.

8. Dates. The date of submission to the Commissioner of any document required by this Trading Agreement and Order shall be the date such document is received by the Commissioner. The date of any notice by the Commissioner under this Trading Agreement and Order, including but not limited to notice of approval or disapproval of any document or other action, shall be the date such notice is deposited in the U.S. mail or is personally delivered, whichever is earlier. Except as otherwise specified in this Trading Agreement and Order, the word "day" as used in this Trading Agreement and Order means calendar day. Any document or action which is required by this Trading Agreement and Order to be submitted or performed by a date which falls on a Saturday, Sunday or a Connecticut or federal holiday shall be submitted or performed by the next day which is not a Saturday, Sunday or Connecticut or federal holiday.
9. Certification of documents. Any document, including but not limited to any notice, which is required to be submitted to the Commissioner under this Trading Agreement and Order shall be signed by PSEG or, if PSEG is not an individual, by PSEG's chief executive officer or a duly authorized representative of such officer, as those terms are defined in Section 22a-430-3(b)(2) of the Regulations, and by the individual(s) responsible for actually preparing such document, and PSEG or PSEG's chief executive officer and each such individual shall certify in writing as follows: "I have personally examined and am familiar with the information submitted in this document and all attachments thereto, and I certify, based on reasonable investigation, including my inquiry of those individuals responsible for obtaining the information, that the submitted information is true, accurate and complete to the best of my knowledge and belief. I understand that any false statement made in the submitted information is punishable as a criminal offense under Section 53a-157b of the Connecticut General Statutes and any other applicable law."
10. Noncompliance. This Trading Agreement and Order is a final order of the Commissioner with respect to the matters addressed herein, and is nonappealable and

immediately enforceable. Failure to comply with this Trading Agreement and Order may subject PSEG to an injunction and penalties.

11. False statements. Any false statement in any information submitted pursuant to this Trading Agreement and Order is punishable as a criminal offense under Section 53a-157b of the Connecticut General Statutes and any other applicable law.
12. Notice of transfer; liability of PSEG and others. Until PSEG has fully complied with this Trading Agreement and Order, PSEG shall notify the Commissioner in writing no later than fifteen (15) days after transferring all or any portion of the facility, the operations, the site or the business which is the subject of this Trading Agreement and Order or after obtaining a new mailing or location address. PSEG's obligations under this Trading Agreement and Order shall not be affected by the passage of title to any property to any other person or municipality.
13. Commissioner's powers. Nothing in this Trading Agreement and Order shall affect the Commissioner's authority to institute any proceeding or take any other action to prevent or abate violations of law, prevent or abate pollution, recover costs and natural resource damages, and to impose penalties for past, present, or future violations of law. If at any time the Commissioner determines that the actions taken by PSEG pursuant to this Trading Agreement and Order have successfully corrected all violations, fully characterized the extent or degree of any pollution, or successfully abated or prevented pollution, the Commissioner may institute any proceeding to require PSEG to undertake further investigation or further action to prevent or abate violations or pollution.
14. PSEG's obligations under law. Nothing in this Trading Agreement and Order shall relieve PSEG of other obligations under applicable federal, state and local law.
15. No assurance by Commissioner. No provision of this

Trading Agreement and Order and no action or inaction by the Commissioner shall be construed to constitute an assurance by the Commissioner that the actions taken by PSEG pursuant to this Trading Agreement and Order will result in compliance or prevent or abate pollution.

16. Access to facility. Any representative of the Department of Environmental Protection may enter the facility without prior notice for the purposes of monitoring and enforcing the actions required or allowed by this Trading Agreement and Order.
17. No effect on rights of other persons. This Trading Agreement and Order neither creates nor affects any rights of persons or municipalities that are not parties to this Trading Agreement and Order.
18. No Creation of Property Rights. This Trading Agreement and Order does not create any property rights with respect to these DERCs.
19. Notice to Commissioner of changes. Within fifteen (15) days of the date PSEG becomes aware of a change in any information submitted to the Commissioner under this Trading Agreement and Order, or that any such information was inaccurate or misleading or that any relevant information was omitted, PSEG shall submit the correct or omitted information to the Commissioner.
20. Notification of noncompliance. In the event that PSEG becomes aware that it did not or may not comply, or did not or may not comply on time, with any requirement of this Trading Agreement and Order or of any document required hereunder, PSEG shall immediately notify by telephone the individual identified in the next paragraph and shall take all reasonable steps to ensure that any noncompliance or delay is avoided or, if unavoidable, is minimized to the greatest extent possible. Within five (5) days of the initial notice, PSEG shall submit in writing the date, time, and duration of the noncompliance and the reasons for the noncompliance or delay and propose, for the review and written approval of the Commissioner, dates by which compliance will be achieved, and PSEG shall comply with any dates which may be

approved in writing by the Commissioner. Notification by PSEG shall not excuse noncompliance or delay, and the Commissioner's approval of any compliance dates proposed shall not excuse noncompliance or delay unless specifically so stated by the Commissioner in writing.

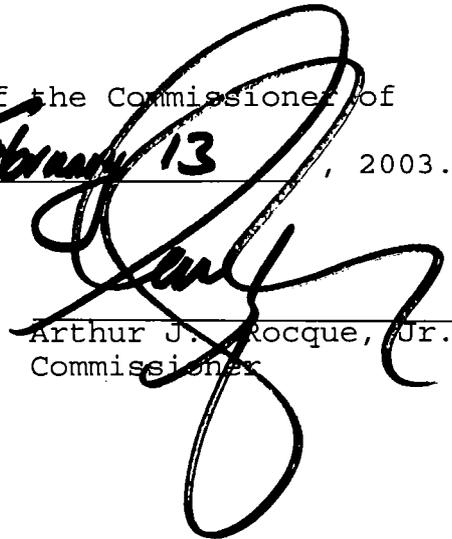
21. Submission of documents. Any document required to be submitted to the Commissioner under this Trading Agreement and Order shall, unless otherwise specified in this Trading Agreement and Order or in writing by the Commissioner, be directed to:

Ms. Wendy Jacobs
Department of Environmental Protection
Bureau of Air Management
Compliance and Field Operations Division
Emissions and Credit Trading Section
79 Elm Street
Hartford, Connecticut 06106

PSEG consents to the issuance of this Trading Agreement and Order without further notice. The undersigned certifies that he/she is fully authorized to enter into this Trading Agreement and Order and to legally bind PSEG to the terms and conditions of the Trading Agreement and Order.

Signature:  PSEG Power Connecticut LLC
Name: Jeffrey W. Moore
Title: Vice President - Fossil Operations
Date: January 24, 2003

Issued as a final consent order of the Commissioner of Environmental Protection on February 13, 2003.


Arthur J. Rocque, Jr.
Commissioner

CITY OF BRIDGEPORT LAND RECORDS
MAILED CERTIFIED MAIL, RETURN RECEIPT REQUESTED
Certified Document No.