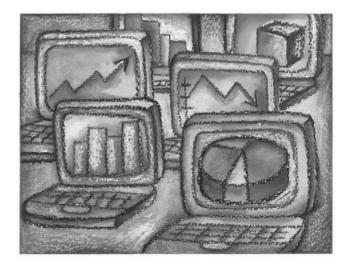
#### HEDD Unit Control Strategy Options, Issues and Questions

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#### Possible HEDD Unit Emission Control Strategies

- Retrofit emission control equipment (e.g.,water injection on CTs, SNCR on coal units, etc.)
- Fuel switch on dual-fuel units (oil to natural gas)
- "Re-dispatch" from higher emitting HEDD units to lower emitting HEDD units
- Shutdown/mothball marginally economical units
- Reduction in NOx RACT averaging plans (intracompany, inter-company?, inter-state?)
- Over-control of non-HEDD units

#### HEDD Unit Control Strategy Issues/Questions

- Definition of high electric demand day
  - Peak load threshold?
  - OTR-wide or sub-regional (e.g., each ISO)?
- Definition of HEDD unit
  - % total operating time during ozone season threshold?
  - Controlled vs, non-controlled units?
  - All units in OTR or only those located within some defined urban corridor?

- Cost/reliability and air quality benefits analyses
- What about companies <u>not</u> participating in Workgroup?
- Different states in OTR have different degrees of attainment deficiencies
  - Does this suggest state-by-state approach to address HEDD units as opposed to regional approach?
  - CT and DE have already proposed regulations governing HEDD units

- Short-term NOx reduction target from HEDD units
  - How will the reduction target be expressed?
    - Emission rate?
    - Specified tonnage reduction (per unit? Per company?)?
  - What will trigger emission reduction requirement on a HEDD and how will this be implemented?
    - Peak load threshold in OTR? in each ISO?
    - How much advance warning will companies have?
  - How will emission reduction obligation be measured? <u>Note</u>: This is key question
    - How will baseline emissions be established?

- What is the timetable for the short-term emission reduction target (Jan. 1 '09, May 1, 2009, Jan. 1, 2010)?
- What flexibility will be allowed in achieving short-term emission reduction requirements?
  - averaging on systemwide basis, intra-state basis, inter-state basis?
  - allow surplus emission reduction from non-HEDD units?

- What is envisioned in terms of a voluntary emission reduction commitment?
  - MOU?
    - State enforceable?
    - Federally enforceable?
    - SIP implications
  - Monitoring requirements?
  - Reporting requirements?
  - Penalties for non-compliance?