December 17, 2009

Attn: Richard Velez
CO₂ Authorized Account Representative
Taunton Municipal Light Plant
55 Weir Street
Taunton, MA 02780

Re: 310 CMR 7.70(5)(c)2.
MA CO₂ Budget Trading Program
Application Identification: MA-ERA-1003
Facility AQ #1200067
Approval of Early Reduction Allowances
Application for Cleary-Flood Station,
Units #8 and #9

Dear Mr. Velez,

On April 29, 2009, the Massachusetts Department of Environmental Protection (MassDEP or the Department) received an Early Reduction CO₂ Allowance (ERA) Application from you pursuant to the Massachusetts MA CO₂ Budget Trading Program. The purpose of this correspondence is to: (a) inform you, as the listed CO₂ Authorized Account Representative for Taunton Municipal Light Plant (TMLP), that your ERA Application has been approved, and (b) notify you that the Department will award 18,276 allowances pursuant to 310 CMR 7.70(5)(c)2.d. These allowances will be deposited into the CO₂ Allowance Tracking System (COATS) compliance account for Cleary-Flood Station (COATS account number MA1141).

The approval of this ERA Application is for a reduction in absolute CO₂ emissions and an improvement in CO₂ emissions rate during the early reduction period (2006, 2007, and 2008) relative to the baseline period (2003, 2004, and 2005), based on monitoring activities performed in accordance with 310 CMR 7.70(8).

Included as part of this approval of your ERA Application are the following:

1. A summary table showing heat input, CO₂ emissions, net electric output (MWh), and CO₂ emission rate for the baseline period and the early reduction period.
2. A list of relevant determinations that the Department has made in accordance with the application requirements of 310 CMR 7.70(5)(c)2.
3. An explanation of how the number of Early Reduction Allowances were calculated.

Note that your application is also incorporated, by reference, into this approval.
(1) Taunton Municipal Light Plant ERA Application Summary Table

<table>
<thead>
<tr>
<th>Period</th>
<th>Heat Input (MMBtu)</th>
<th>CO₂ (Tons)</th>
<th>Net Electric Output (MWh)</th>
<th>CO₂ Emissions Rate (lbs/MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline Period (Total for years 2003-2005)</td>
<td>2,892,221</td>
<td>225,067</td>
<td>222,817</td>
<td>2020.2</td>
</tr>
<tr>
<td>Early Reduction Period (Total for years 2006-2008)</td>
<td>988,220</td>
<td>64,594</td>
<td>82,041</td>
<td>1574.7</td>
</tr>
</tbody>
</table>

(2) Relevant determinations that the Department has made in accordance with the requirements of 310 CMR 7.70(5)(c)2

- The CO₂ budget source submitted a one-time application to MassDEP on April 29, 2009, prior to the May 1, 2009 deadline in accordance with 310 CMR 7.70(5)(c)2.a.

- As required in accordance with 310 CMR 7.70(5)(c)2.b, the ERA Application includes a list of all CO₂ budget units that existed at the source during the baseline and early reduction periods, completed calculations that include the identified units and all information necessary to calculate the number of ERAs to be awarded, and a certification statement signed by the CO₂ Authorized Account Representative.

- The CO₂ budget source demonstrated that Units #8 and #9 were monitored in conformance with 40 CFR 75, as required under 310 CMR 7.70(8).

- CO₂ budget source demonstrated a reduction in absolute CO₂ emissions and an improvement in CO₂ emissions rate during the early reduction period (2006 - 2008) relative to the baseline period (2003 - 2005) using methodologies specified in 310 CMR 7.70(5)(c)2.c.

(3) Explanation of how the number of ERAs were calculated

Per 310 CMR 7.70(5)(c)2.c.i, the number ERAs was calculated using the following equation:

\[ \text{ERAs} = \frac{(\text{AEER}_{\text{BASELINE}} - \text{AEER}_{\text{ERP}}) \times (\text{EO}_{\text{ERP}} + (\text{TO}_{\text{ERP}}/3.413))}{2000} \]

Where:
\[ \text{ERAs} = \text{CO₂ Early Reduction Allowances in tons}; \]
\[ \text{AEER}_{\text{BASELINE}} = \text{the average CO₂ emissions rate resulting from electric energy output and thermal energy output during the baseline period for Units #8 and #9 (in pounds of CO₂/MWh);} \]
AEER_{ERP} = the average CO\(_2\) emissions rate resulting from electric energy output and thermal energy output during the early reduction period for Units #8 and #9 (in pounds of CO\(_2\)/MWh\(_{th, e}\));
EO_{ERP} = the total electric energy output during the early reduction period from Units #8 and #9 (in MWh\(_e\));
TO_{ERP} = the total useful thermal energy output during the early reduction period from Units #8 and #9 (in MMBtu).

Data and calculations for this application are summarized in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Units #8 and #9 combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEER_{BASELINE}</td>
<td>2,020 CO(<em>2) lbs/MWh(</em>{th, e})</td>
</tr>
<tr>
<td>AEER_{ERP}</td>
<td>1,575 CO(<em>2) lbs/MWh(</em>{th, e})</td>
</tr>
<tr>
<td>EO_{ERP}</td>
<td>82,041 MWh(_e)</td>
</tr>
<tr>
<td>TO_{ERP}</td>
<td>0 MMBtu</td>
</tr>
<tr>
<td>ERAs</td>
<td>18,276 tons</td>
</tr>
</tbody>
</table>

In accordance with M.G.L. c. 111, §142A-§142E, MassDEP issues this approval pursuant to 310 CMR 7.70.

Should you have any questions concerning this APPROVAL, please contact Loreen Kelley at loreen.kelley@state.ma.us or (617) 574-6815.

Very truly yours

[Signature]
Nancy L. Seidman
Deputy Assistant Commissioner
Climate Strategies
Bureau of Waste Prevention

cc: William Lamkin, DEP, BWP, NERO
    William Space, DEP, BWP, Boston
    Loreen Kelley, DEP, BWP, Boston

12/17/2009
APPEAL PROCESS

This CO₂ Budget Trading Program Early Reduction Allowance Approval is an action of the Department. If you are aggrieved by this action, you may request an adjudicatory hearing. A request for a hearing must be made in writing and postmarked within twenty-one (21) days of the date of issuance of this approval. A copy of the document being appealed must be attached to any hearing request.

Under 310 CMR 1.01(6)(b), the request must state clearly and concisely the facts which are the grounds for the request, and the relief sought. Additionally, the request must state why this approval is not consistent with the applicable laws and regulations.

The hearing request along with a valid check payable to the Commonwealth of Massachusetts in the amount of one hundred dollars ($100.00) must be mailed to:

Commonwealth of Massachusetts  
Department of Environmental Protection  
P.O. Box 4062  
Boston, Massachusetts 02211

The request will be dismissed if the filing fee is not paid unless the appellant is exempt or granted a waiver as described below.

The filing fee is not required if the appellant is a city or town (or municipal agency), county, or district of the Commonwealth of Massachusetts, or a municipal housing authority.

The Department may waive the adjudicatory hearing filing fee for a person who shows that paying the fee will create an undue financial hardship. A person seeking a waiver must file, together with the hearing request as provided above, an affidavit setting forth the facts believed to support the claim of undue financial hardship.