

| <b>WAC Citation</b>    | <b>Comments</b>  |
|------------------------|--|
|                        | Gray highlighting indicates new or significantly edited provision  |
| <b>WAC 173-406-010</b> | <b>Purpose of chapter</b>  |
| (1)                    | Rule implements federal acid rain program  |
| (2)                    | Rule implements the federal rule covering mercury emissions from coal-fired power plants   |
| <b>WAC 173-406-020</b> | <b>Adoption by reference</b>   |
| (1)                    | Adopts federal mercury rule by reference with the following exceptions   |
| (1)(a)                 | Adoption by reference stops after 12/31/2012 for these provisions  |
| (1)(b)                 | Federal rule sections not adopted by reference   |
| (2) – (8)              | Adopts by reference acid rain program; and monitoring and appeal procedures for both programs  |
| <b>WAC 173-406-030</b> | <b>Purpose of Part B</b>   |
| (1)                    | Establishes general purpose of rule  |
| (2)                    | Notes the different agencies who regulate sources subject tot this rule  |
| (3)                    | Provides notice of uncertainty in emissions information so Ecology may re-open the rule after 2 years based on actual emissions information  |
| <b>WAC 173-406-040</b> | <b>Applicability</b>   |
| (1)                    | Reworded federal applicability provisions  |
| (2)                    | Reworded federal applicability provisions – including proposed clarifications from subsequent Federal Register notices (including cogeneration units exclusions)   |
| (3)                    | Federal exclusion provisions   |
| <b>WAC 173-406-050</b> | <b>Definitions</b>   |
| Federal terms          | Allowance, boiler, bottom cycle cogeneration unit, Btu, coal-derived, fuel, coal-fired, cogeneration unit, control period, combustion turbine, commence commercial operation, compliance account, electric generating unit, excess emissions, generator, general account, gross electrical output, heat input, IGCC, kWh, mercury allowance, mercury budget unit, MMBtu, MWe, nameplate capacity, potential electrical output capacity, repowered, sequential use of energy, topping-cycle cogeneration, total energy input, total energy output, useful power and useful thermal energy |
| State terms            | Air quality permit, tradable unit transfer deadline, best available control technology, buyer, Ecology, existing mercury budget unit, mercury budget emissions limitation, mercury emissions tradable unit transfer form, new mercury budget unit or source, permitting authority, seller, tradable unit, and tradable unit bank   |
| <b>WAC 173-406-060</b> | <b>Mercury allowance allocation</b>  |
| (1)                    | Establishes years that state will participate in national trading  |
| (2)                    | Establishes size of state budget   |

| <b>WAC Citation</b>    | <b>Comments</b>  |
|------------------------|--|
|                        | Gray highlighting indicates new or significantly edited provision  |
| <b>WAC 173-406-060</b> | Establishes that federal implementation rules (40 CFR part 62) will apply in 2010  |
| (3)                    |  |
| (4)                    | Provides location of proposed federal rules  |
| (5)                    | Distributes mercury allowances to existing, new and supplemental account   |
| <b>WAC 173-406-070</b> | <b>Requesting a mercury allowance</b>  |
| (1)                    | Clarifies that the federal implementation rule applies in 2010   |
| (2)                    | Establishes that allowances from the general account are available for distribution to existing and new sources                                      |
| (3)                    | Clarifies that request for allowances from several accounts may be combined  |
| (4)                    | Outlines the requirements for asking for an allowance for 2011 and 2012  |
| <b>WAC 173-406-080</b> | <b>Allocating a mercury allowance</b>  |
| (1)                    | Clarifies that EPA will allocate allowance for 2010  |
| (2)                    | Describes Ecology’s requirements to transfer allowances for 2011 and 2012  |
| (3)                    | Describe the methodology for distributing allowances from the new source account   |
| (4)                    | Describe the methodology for distributing allowances from the supplemental account   |
| (5)                    | Includes public notice provisions  |
| (6)                    | Includes additional requirements for requesting and granting an extension of an air quality permit   |
| <b>WAC 173-406-090</b> | <b>Washington mercury emissions budget</b>   |
| (1)                    | Clarifies that state not participating in federal trading program starting in 2013   |
| (2)                    | Establishes the yearly mercury emissions budget of: 140 lbs/yr or the lbs/yr included in permits issued by 12/31/2013, up to 156 lbs/yr              |
| <b>WAC 173-406-110</b> | <b>Allocating and recording tradable units</b>   |
| (1)                    | Clarifies that Ecology will hold all units unless allocated and recorded   |
| (2)                    | Establishes the formula for distributing tradable units  |
| (2)(b)(ii)             | Establishes the process for Ecology to use when reserving and allocating tradable units to new units   |
| (3)                    | Establishes process for Ecology to record tradable units   |
| (3)(c)                 | Establishes that tradable units will continue to be distributed for 5 years after a plant has shut down or operated at less than 10% of its capacity |
| (4)                    | Clarifies that the tradable units from the temporary alternate emission standard pool are distributed via the process in Section 130                 |
|                        |  |

| <b>WAC Citation</b>    | <b>Comments</b>  |
|------------------------|--|
|                        | Gray highlighting indicates new or significantly edited provision  |
| <b>WAC 173-406-110</b> |  |
| (5)                    | Clarifies that Ecology is responsible for tracking and recording the tradable units on the web   |
| (6)                    | Includes requirements when requesting an extension of an air quality permit  |
| <b>WAC 173-406-120</b> | <b>Emission standards</b>  |
| (1)                    | Establishes a 12-month rolling emission standard for existing units at 0.008 lb/GWh and for all others at BACT, which must not exceed 0.0066 lb/GWh. Includes the exception for the temporary alternate emission standard.   |
| (2)                    | Clarifies when compliance begins for both existing and new units   |
| (3)                    | Monitoring, recordkeeping and reporting follow the federal rule requirements   |
| (3)(b)                 | Clarifies that the emissions reported following the federal rules must be used to measure compliance with the mercury budget. Net megawatt electric (MWe) must be measured using a Bonneville Power Administration certified meter.  |
| (3)(d)                 | Monthly emissions report must be sent to Ecology and the permitting agency within 30 days of the end of a month in which a unit fails to achieve the emission standard on a monthly basis or in the quarterly emissions report sent to EPA   |
| (4)(a)                 | Applicant's requirements for submitting its mercury reduction plan   |
| (4)(b)                 | Permitting agency requirements for approving the mercury reduction plan  |
| <b>WAC 173-406-130</b> | <b>Temporary alternate emission standard</b>   |
| (1)                    | Establishes that the source's emissions can't exceed its allocation from the formula plus an additional 200 pounds   |
| (2)                    | Clarifies that technology failure is the necessary for accessing this provision  |
| (3)                    | Lists the source's conditions that must be met for submitting a request  |
| (4)                    | Lists the permitting agency's requirements for issuing a compliance order with a temporary alternate emissions standard  |
| (5)(a)                 | Provides requirements for Ecology to allocate and record tradable units prior to the permitting agency issuing the compliance order. Source must ask for amount before tradable unit transfer deadline, using 4 <sup>th</sup> quarter emissions report minus state's allocation. Permitting agency must determine controls had failed. |
| (5)(b)                 | Provides requirements for Ecology to allocate and record tradable units after the permitting agency has issued a compliance order  |
| <b>WAC 173-406-140</b> | <b>Compliance with the mercury emissions budget</b>  |
| (1)                    | Requires unit to keep a rolling calendar-year total of its emissions to compare against its allocation   |

| <b>WAC Citation</b>          | <b>Comments</b>   |
|------------------------------|---|
|                              | Gray highlighting indicates new or significantly edited provision   |
| <b>WAC 173-406-140</b>       |   |
| (2)                          | Clarifies that tradable units must be in the source's tradable unit account by the transfer deadline and requests for transfers must be submitted before the March 1 <sup>st</sup> deadline |
| (3)                          | Provides requirements for Ecology regarding recording and deducting tradable units  |
| (4)                          | Provides requirements for Ecology regarding deducting tradable units  |
| (5)                          | Directs Ecology to record all deductions  |
| <b>WAC 173-406-150</b>       | <b>In-state trading</b>   |
| (1)                          | Establishes the program scope – it is limited to WA sources, units are valid for year issued, no banking allowed, statute limits transferring to less than total allocation                 |
| (2)                          | Clarifies that all tradable unit transactions become part of the source's mercury budget permit   |
| (3)                          | Establishes Ecology's responsibilities as manager of the statewide program –denying transfers, recording and reconciling tradable unit bank accounts  |
| (4)(a)                       | Clarifies the source's responsibilities for having sufficient tradable units to cover its emissions by deadline   |
| (4)(b)                       | Establishes the date when the source must have sufficient tradable units  |
| (4)(c)                       | Clarifies what is considered a correctly submitted transfer request   |
| (4)(d)                       | Establishes the source's penalty for excess emissions   |
| (5)                          | Establishes the framework for transferring tradable units, including listing the elements that must be in the transfer form   |
|                              |   |
| <b>WAC 173-400-112(2)(j)</b> | Includes new provision in nonattainment area new source review: Source must evaluate its ability to acquire an adequate emission allocation or tradable unit                                |
| <b>WAC 173-400-113(7)</b>    | Includes new provision in attainment area new source review: Source must evaluate its ability to acquire an adequate emission allocation or tradable unit                                   |