

217-782-2113

CERTIFIED MAIL

**ACID RAIN PROGRAM
PERMIT**

Dynegy Midwest Generation, Inc.
Attention: James Dodson, Designated Representative
2828 North Monroe Street
Decatur, IL 62526-3269

Oris No.: 892
IEPA ID No.: 155010AAA
Source/Unit: Hennepin/Units 1 and 2
Date Received: December 10, 2003

Date Issued:
Effective Date: January 1, 2005
Expiration Date: December 31, 2009

STATEMENT OF BASIS:

In accordance with Titles IV and V of the Clean Air Act, the Illinois Environmental Protection Agency is issuing this Acid Rain Program Permit to Dynegy Midwest Generation, Inc. for its Hennepin Power Station.

SULFUR DIOXIDE (SO₂) ALLOCATIONS AND NITROGEN OXIDES (NO_x) LIMITS FOR EACH AFFECTED UNIT:

UNIT 1	SO ₂ Allowances, under Tables 2, 3, or 4 of 40 CFR Part 73*	2005	2006	2007	2008	2009
		2018	2018	2018	2018	2018
NO _x Limit		See provisions for NO _x Averaging Plan, below				

* Also includes return of repowering deduction of 1 allowance, which was returned by USEPA on October 30, 2000.

UNIT 2	SO ₂ Allowances, under Tables 2, 3, or 4 of 40 CFR Part 73*	2005	2006	2007	2008	2009
		7940	7940	7940	7940	7940
NO _x Limit		See provisions for NO _x Averaging Plan, below				

- * Also includes return of repowering deduction of 2 allowance, which was returned by USEPA on October 30, 2000.

NO_x EMISSIONS AVERAGING PLAN

Pursuant to 40 CFR 76.11, the Illinois EPA approves a NO_x emissions averaging plan that includes the above affected units, effective for calendar years 2005 through 2009 (attached). Under this plan, except as provided below, the NO_x emissions of Hennepin Units 1 and 2 each shall not exceed the annual average alternative contemporaneous emission limitation of 0.40 lb/mmBtu. In addition, Hennepin Unit 2 shall not have an annual heat input less than 15,000,000 million Btu.

Under this plan, the actual Btu-weighted annual average NO_x emission rate for the units in the plan shall be less than or equal to the Btu-weighted annual average NO_x emission rate for the same units had they each been operated during that calendar year in compliance with the applicable emission limitation under 40 CFR 76.5, 76.6, or 76.7. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11(d)(1)(ii)(A)) is met for a year under the plan, then the units covered by the plan shall be deemed to be in compliance for that year with their alternative contemporaneous annual emission limitations and any annual heat input limits.

PERMIT APPLICATION: The permit application, including the NO_x Compliance Plan and NO_x Averaging Plan, is attached and incorporated as part of this permit. The owners and operators of this source must comply with the standard requirements and special provisions set forth in the application.

COMMENTS, NOTES, AND JUSTIFICATIONS: This permit contains provisions related to SO₂ emissions and requires the owners and operators to hold SO₂ allowances under the federal Acid Rain program to account for SO₂ emissions from the affected units. An allowance is a limited authorization to emit up to one ton of SO₂ during or after a specified calendar year. The transfer of allowances to and from a unit account does not necessitate a revision to the unit SO₂ allocations denoted in this permit (See 40 CFR 72.84).

This permit contains provisions related to NO_x emissions requiring affected units to comply with applicable emission limitations for NO_x under the Acid Rain program. Pursuant to 40 CFR 76.11, the Illinois EPA is approving a NO_x emission averaging plan that includes Hennepin Units 1 and 2 for calendar years 2005 through 2009. (The Illinois EPA is not approving the plan for 2010, which is beyond the term of the permit.) In addition to the described NO_x compliance plan, each unit shall comply with all other applicable requirements of 40 CFR Part 76, including the duty to reapply for a NO_x compliance plan and requirements covering excess emissions.

This permit does not affect the source's responsibility to meet all other applicable local, state and federal requirements, including state requirements under 35 Ill. Adm. Code Part 217 Subpart W, which addresses NO_x emissions from Hennepin Units 1 and 2.

If you have any questions regarding this permit, please contact Kunj Patel at 217-782-2113.

Donald E. Sutton, P.E.
Manager, Permits Section
Division of Air Pollution Control

cc: Cecilia Mijares, USEPA Region V
Dean Hayden, IEPA Region 2

Hannapin

Plant Name (from Step 1)

STEP 3

Read the standard requirements

Permit Requirements

- (1) The designated representative of each affected source and each affected unit at the source shall:
- (i) Submit a complete Acid Rain permit application (including a compliance plan) under 40 CFR part 72 in accordance with the deadlines specified in 40 CFR 72.30; and
 - (ii) Submit in a timely manner any supplemental information that the permitting authority determines is necessary in order to review an Acid Rain permit application and issue or deny an Acid Rain permit;
- (2) The owners and operators of each affected source and each affected unit at the source shall:
- (i) Operate the unit in compliance with a complete Acid Rain permit application or a superseding Acid Rain permit issued by the permitting authority; and
 - (ii) Have an Acid Rain Permit.

Monitoring Requirements

- (1) The owners and operators and, to the extent applicable, designated representative of each affected source and each affected unit at the source shall comply with the monitoring requirements as provided in 40 CFR part 75.
- (2) The emissions measurements recorded and reported in accordance with 40 CFR part 75 shall be used to determine compliance by the unit with the Acid Rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.
- (3) The requirements of 40 CFR part 75 shall not affect the responsibility of the owners and operators to monitor emissions of other pollutants or other emissions characteristics at the unit under other applicable requirements of the Act and other provisions of the operating permit for the source.

Sulfur Dioxide Requirements

- (1) The owners and operators of each source and each affected unit at the source shall:
- (i) Hold allowances, as of the allowance transfer deadline, in the unit's compliance subaccount (after deductions under 40 CFR 73.34(c)), or in the compliance subaccount of another affected unit at the same source to the extent provided in 40 CFR 73.35(b)(3), not less than the total annual emissions of sulfur dioxide for the previous calendar year from the unit; and
 - (ii) Comply with the applicable Acid Rain emissions limitations for sulfur dioxide.
- (2) Each ton of sulfur dioxide emitted in excess of the Acid Rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Act.
- (3) An affected unit shall be subject to the requirements under paragraph (1) of the sulfur dioxide requirements as follows:
- (i) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or
 - (ii) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR part 75, an affected unit under 40 CFR 72.6(a)(3).
- (4) Allowances shall be held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
- (5) An allowance shall not be deducted in order to comply with the requirements under paragraph (1) of the sulfur dioxide requirements prior to the calendar year for which the allowance was allocated.
- (6) An allowance allocated by the Administrator under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the Acid Rain permit application, the Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
- (7) An allowance allocated by the Administrator under the Acid Rain Program does not constitute a property right.

Plant Name (from Step 1) **Hennepin**

Acid Rain - Page 3

STEP 3,
Cont'd.

Nitrogen Oxides Requirements The owners and operators of the source and each affected unit at the source shall comply with the applicable Acid Rain emissions limitation for nitrogen oxides.

Excess Emissions Requirements

- (1) The designated representative of an affected unit that has excess emissions in any calendar year shall submit a proposed offset plan, as required under 40 CFR part 77.
- (2) The owners and operators of an affected unit that has excess emissions in any calendar year shall:
 - (i) Pay without demand the penalty required, and pay upon demand the interest on that penalty, as required by 40 CFR part 77; and
 - (ii) Comply with the terms of an approved offset plan, as required by 40 CFR part 77.

Recordkeeping and Reporting Requirements

- (1) Unless otherwise provided, the owners and operators of the source and each affected unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the Administrator or permitting authority:
 - (i) The certificate of representation for the designated representative for the source and each affected unit at the source and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative;
 - (ii) All emissions monitoring information, in accordance with 40 CFR part 75, provided that to the extent that 40 CFR part 75 provides for a 3-year period for recordkeeping, the 3-year period shall apply.
 - (iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and,
 - (iv) Copies of all documents used to complete an Acid Rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the requirements of the Acid Rain Program.
- (2) The designated representative of an affected source and each affected unit at the source shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR part 72 subpart I and 40 CFR part 75.

Liability

- (1) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, a complete Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement pursuant to section 113(c) of the Act.
- (2) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to section 113(c) of the Act and 18 U.S.C. 1001.
- (3) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.
- (4) Each affected source and each affected unit shall meet the requirements of the Acid Rain Program.

Plant Name (from Step 1) **Hennepin**

Step 3,
Cont'd.

Liability, Cont'd.

(5) Any provision of the Acid Rain Program that applies to an affected source (including a provision applicable to the designated representative of an affected source) shall also apply to the owners and operators of such source and of the affected units at the source.
 (6) Any provision of the Acid Rain Program that applies to an affected unit (including a provision applicable to the designated representative of an affected unit) shall also apply to the owners and operators of such unit. Except as provided under 40 CFR 72.14 (Phase II repowering extension plans) and 40 CFR 76.11 (NO_x averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR part 75 (including 40 CFR 75.16, 75.17, and 75.18), the owners and operators and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.
 (7) Each violation of a provision of 40 CFR parts 72, 73, 74, 75, 76, 77, and 78 by an affected source or affected unit, or by an owner or operator or designated representative of such source or unit, shall be a separate violation of the Act.

Effect on Other Authorities

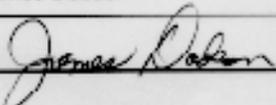
No provision of the Acid Rain Program, an Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8 shall be construed as:
 (1) Except as expressly provided in title IV of the Act, exempting or excluding the owners and operators and, to the extent applicable, the designated representative of an affected source or affected unit from compliance with any other provision of the Act, including the provisions of title I of the Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;
 (2) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Act;
 (3) Requiring a change of any kind in any State law regulating electric utility rates and charges, affecting any State law regarding such State regulation, or limiting such State regulation, including any prudence review requirements under such State law;
 (4) Modifying the Federal Power Act or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
 (5) Interfering with or impairing any program for competitive bidding for power supply in a State in which such program is established.

STEP 4

Certification

Read the certification statement, sign, and date

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name James Dodson	
Signature 	Date 12/3/03



Phase II NO_x Compliance Plan

For more information, see instructions and refer to 40 CFR 76.9

This submission is: New Revised

STEP 1
Indicate plant name,
State, and ORIS code
from NADB, if applicable

Plant Name	Vermilion	IL	897
		State	CRIS Code

STEP 2

Identify each affected Group 1 and Group 2 boiler using the boiler ID# from NADB, if applicable. Indicate boiler type: "CB" for cell burner, "CY" for cyclone, "DBW" for dry bottom wet-fired, "T" for tangentially fired, "V" for vertically fired, and "WB" for wet bottom. Indicate the compliance option selected for each unit.

ID#	1	ID#	2	ID#		ID#		ID#		ID#	
Type	T	Type	T	Type		Type		Type		Type	

(a) Standard annual average
emission limitation of 0.50
lb/mmBtu (for Phase I dry
bottom wet-fired boilers)

(b) Standard annual average
emission limitation of 0.45
lb/mmBtu (for Phase I
tangentially fired boilers)

(c) EPA-approved early start-up
plan under 40 CFR 76.3 through
1.231/07 (also indicate above
emission limit specified in plan)

(d) Standard annual average
emission limitation of 0.40
lb/mmBtu (for Phase II dry
bottom wet-fired boilers)

(e) Standard annual average
emission limitation of 0.40
lb/mmBtu (for Phase II
tangentially fired boilers)

(f) Standard annual average
emission limitation of 0.30
lb/mmBtu (for cell burner
boilers)

(g) Standard annual average
emission limitation of 0.30
lb/mmBtu (for cyclone boilers)

(h) Standard annual average
emission limitation of 0.30
lb/mmBtu (for vertically
fired boilers)

(i) Standard annual average
emission limitation of 0.24
lb/mmBtu (for wet bottom
boilers)

(j) NO_x Averaging Plan (include
NO_x Averaging form)

(k) Common stack pursuant
to 40 CFR 76.17(c)(3)(viii)
(check the standard emission
limitation box above for most
or lowest applicable emission
any unit utilizing such)

(l) Common stack pursuant to 40
CFR 76.17(c)(2)(ii) with NO_x
Averaging (check the NO_x
Averaging Plan box and include
NO_x Averaging form)

Hennepin
Plant Name (from Step 1)

STEP 2, cont'd.

1	2				
ID#	ID#	ID#	ID#	ID#	ID#
Type	Type	Type	Type	Type	Type
T	T				

(m) EPA-approved common stack apportionment method pursuant to 40 CFR 75.11(a)(2)(i)(C), (a)(2)(ii)(B), or (b)(2)	<input type="checkbox"/>					
(n) AEL (include Phase II AEL Demonstration Period, Final AEL Period, or AEL Renewal form as appropriate)	<input type="checkbox"/>					
(o) Position for AEL Demonstration period or final AEL under review by U.S. EPA or demonstration period ongoing	<input type="checkbox"/>					
(p) Repowering extension plan approved or under review	<input type="checkbox"/>					

STEP 3
Read the standard requirements and certification, enter the name of the designated representative, sign &

Standard Requirements

General. This source is subject to the standard requirements in 40 CFR 72.9 (concurrent with 40 CFR 76.60)(1)(i). These requirements are listed in this source's Acid Rain Permit.

Special Provisions for Early Election Units

Nitrogen Oxides. A unit that is governed by an approved early election plan shall be subject to an emissions limitation for NO_x as provided under 40 CFR 75.09(a)(2) except as provided under 40 CFR 75.09(a)(3)(B).

Liability. The owners and operators of a unit governed by an approved early election plan shall be liable for any violation of the plan or 40 CFR 75.09 at that unit. The owners and operators shall be liable, beginning January 1, 2000, for fulfilling the obligations specified in 40 CFR Part 77.

Termination. An approved early election plan shall be in effect only until the earlier of January 1, 2008 or January 1 of the calendar year for which a termination of the plan takes effect. If the designated representative of the unit under an approved early election plan fails to demonstrate compliance with the applicable emissions limitation under 40 CFR 75.09 for any year during the period beginning January 1 of the first year the early election takes effect and ending December 31, 2007, the permitting authority will terminate the plan. The termination will take effect beginning January 1 of the year after the year for which there is a failure to demonstrate compliance, and the designated representative may not submit a new early election plan. The designated representative of the unit under an approved early election plan may terminate the plan any year prior to 2008 but may not submit a new early election plan. In order to terminate the plan, the designated representative must submit a notice under 40 CFR 75.40(f) by January 1 of the year for which the termination is to take effect. If an early election plan is terminated any year prior to 2000, the unit shall meet, beginning January 1, 2000, the applicable emissions limitation for NO_x for Phase II units with Group 1 boilers under 40 CFR 75.7. If an early election plan is terminated on or after 2000, the unit shall meet, beginning on the effective date of the termination, the applicable emissions limitation for NO_x for Phase II units with Group 1 boilers under 40 CFR 75.7.

Certification

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name James Dodson	
Signature	Date 12/3/03

Hennepin
Plant Name (from Step 1)

NO, Averaging - Page 2

STEP 3

Mark one of the two options and enter dates.

This plan is effective for calendar year 2005 through calendar year 2010 unless notification to terminate the plan is given.

Treat this plan as identical plans, each effective for one calendar year for the following calendar years: _____ and _____ unless notification to terminate one or more of these plans is given.

STEP 4

Read the special provisions and certification, enter the name of the designated representative, and sign and date.

Special Provisions

Emission Limitations

Each affected unit in an approved averaging plan is in compliance with the Acid Rain emission limitation for NO_x under the plan only if the following requirements are met:

- (i) For each unit, the unit's actual annual average emission rate for the calendar year, in lb/mmBtu, is less than or equal to its alternative contemporaneous annual emission limitation in the averaging plan, and
- (ii) For each unit with an alternative contemporaneous emission limitation less stringent than the applicable emission limitation in 40 CFR 76.5, 76.6, or 76.7, the actual annual heat input for the calendar year does not exceed the annual heat input limit in the averaging plan,
- (iii) For each unit with an alternative contemporaneous emission limitation more stringent than the applicable emission limitation in 40 CFR 76.5, 76.6, or 76.7, the actual annual heat input for the calendar year is not less than the annual heat input limit in the averaging plan, or
- (iv) If one or more of the units does not meet the requirements of (i), the designated representative shall demonstrate, in accordance with 40 CFR 76.11(d)(1)(i)(A) and (B), that the actual Btu-weighted annual average emission rate for the units in the plan is less than or equal to the Btu-weighted annual average rate for the same units had they each been operated, during the same period of time, in compliance with the applicable emission limitations in 40 CFR 76.5, 76.6, or 76.7.
- (v) If there is a successful group showing of compliance under 40 CFR 76.11(d)(1)(i)(A) and (B) for a calendar year, then all units in the averaging plan shall be deemed to be in compliance for that year with their alternative contemporaneous emission limitations and annual heat input limits under (i).

Liability

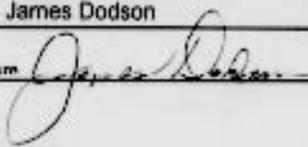
The owners and operators of a unit covered by an approved averaging plan shall be liable for any violation of the plan or this section of that unit or any other unit in the plan, including liability for fulfilling the obligations specified in part 77 of this chapter and sections 113 and 411 of the Act.

Termination

The designated representative may submit a notification to terminate an approved averaging plan, in accordance with 40 CFR 72.40(d), no later than October 1 of the calendar year for which the plan is to be terminated.

Certification

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name James Dodson	
Signature 	Date 12/3/03