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October 7, 2011

VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED

The Honorable Lisa P. Jackson
Administrator
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N. W.
Washington, DC 20004

Re: Petition for Reconsideration and Request for Partial Administrative Stay of CSAPR Rule by CPI USA North Carolina LLC (EPA Docket No. EPA-HQ-OAR-2009-0491)

Dear Administrator Jackson:

On behalf of CPI USA North Carolina LLC ("CPI NC"), I am submitting this petition for reconsideration and request for partial administrative stay of the final rule entitled "Federal Implementation Plans: Interstate Transport of Fine Particulate Matter and Ozone and Correction of SIP Approvals," also known as the Cross State Air Pollution Rule ("CSAPR"). CSAPR will subject CPI NC's two electric generating facilities (the "Facilities") to new NOx and SO2 emission limits beginning in 2012. This petition supplements our letter dated September 30, 2011 to Brian Fisher at EPA's Clean Air Markets Division. The September 30 letter is enclosed as Exhibit 1 and is hereby incorporated by reference into this petition.

Based on several errors underlying the computation of allowances for the Facilities, CPI NC respectfully urges EPA to initiate reconsideration of the final CSAPR rule. As discussed in detail below and in Exhibit 1, CPI NC has determined that EPA used incomplete baseline heat input data when it assigned allocations to the Facilities. As a result of this error, the Facilities received inadequate annual NOx and SO2 allocations.

The impact of this underallocation has become even more severe due to CPI NC's execution of power purchase agreements ("PPAs") on June 24, 2011 (after the close of the comment period for the proposed CSAPR rule). Because of the significant difference between the historical heat input (upon which the allocations are based in EPA's methodology) and the projected future heat input at the Facilities, CPI NC requests that EPA issue an administrative stay of the CSAPR as it applies to CPI NC. In the absence of a stay, CPI NC will suffer irreparable harm.

BACKGROUND

The Facilities are located in Roxboro, North Carolina and Southport, North Carolina. Detailed information concerning the history and configuration of the Facilities is provided in Exhibit 1. The Facilities were originally constructed in 1987 for the purpose of combusting coal. However, as a result of numerous upgrades conducted by CPI NC during 2009-2010, the Facilities currently generate power from wood, tire-derived fuel, and coal pursuant to the PPAs. Less than one third of the electrical generation at the Facilities is produced from the combustion of fossil fuel. The Facilities have been certified as new renewable energy facilities by the North Carolina Utilities Commission. Therefore, they are eligible to generate renewable energy certificates under the North Carolina renewable portfolio standard. Based on the recently executed PPAs, the Facilities are expected to produce substantially more power than in previous years. In Exhibit 2, CPI NC has provided updated information on its historical heat input and emissions profile, including during the ozone season. In addition, Exhibit 2 provides more detailed projections of future output. The data in Exhibit 2 supersede the data that CPI NC previously provided to EPA as shown in Exhibit 1.

BASIS FOR RECONSIDERATION

Section 307(d)(7)(B) of the Clean Air Act (CAA) requires EPA to convene a proceeding for reconsideration of a rule when a petition raises issues that are of central relevance to the outcome of the rule and it was impracticable to raise such issues during the rulemaking. It is of central relevance to the outcome of CSAPR that each facility receives a correct and equitable allocation of emissions credits under the EPA's methodology. In addition, it is impracticable to raise issues during the rulemaking when 1) a public comment period is not provided for final allocations and 2) concerns with the uncertainty and confidentiality over significant business considerations (such as the negotiation of PPAs) exist during the comment period.

CPI NC did not receive a correct and equitable allocation of emissions credits under CSAPR. As discussed in Exhibit 1, CPI NC has determined that EPA apparently used

seasonal heat input data from the baseline period to determine the final annual NOx and SO2 allocations for the Facilities. CPI NC's execution of new PPAs in June 2011 is a significant event that further highlights the need for adequate allowances at the Facilities. Implementation of the PPAs will result in increased output at the Facilities due to the demand for renewable power in North Carolina. While CPI NC's combustion of renewable fuels will result in the displacement of fossil fuel fired generation, CSAPR does not take into account this significant benefit. We urge EPA to reconsider the allocations to the Facilities in light of these recent developments.

It was impracticable for CPI NC and other stakeholders to comment on the final CSAPR allocations. EPA issued the proposed CSAPR rule on July 6, 2010. However, the final allocations for the Facilities were not determined until the issuance of the Notification of Data Availability (NODA) on July 18, 2011.[1] The publication of the NODA occurred nearly two weeks after the signature of the final CSAPR rule on July 6, 2011 and just before the publication of the final rule in the Federal Register on August 8, 2011. EPA did not solicit public comment on the final allocations or the underlying data in the NODA.[2] Like many other facility owners across multiple states, CPI NC was unable to comment on the data errors in the NODA. EPA's recognition of the impracticability of raising such concerns is evident in the Agency's willingness to reconsider misreported and incomplete data in its recently-announced proposal to reopen the CSAPR final rule.[3] Similarly, the contingent nature of CPI NC's negotiation of the PPAs through the rulemaking period made it impracticable for CPI NC to inform EPA about significant changes to the Facilities' operating profile.

The issues presented herein by CPI NC meet the statutory criteria for reconsideration. The underallocation to CPI NC is of central relevance to the outcome of the rule because it deprives CPI NC of its right to correct and equitable allocations under EPA's methodology. This underallocation affects the overall integrity of the allocation system that forms the backbone of the CSAPR rule.

Further, it was impracticable for CPI NC to identify the errors in EPA's allocation during the rulemaking process because 1) the final allocations (and the underlying data)

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[1] See "Data Availability Concerning Transport Rule Allowance Allocations to Existing Units; Notification of Data Availability," 76 Fed. Reg. 42,055 (July 18, 2011).

[2] See "Allowance Allocation Final Rule Technical Support Document (TSD) – Unit Level Allocations under the Federal Implementation Plan (FIP)," June 2011 (Docket ID EPA-HQ-OAR-2009-0491-4519).

[3] See "Revisions to Federal Implementation Plans to Reduce Interstate Transport of Fine Particulate Matter and Ozone; Proposed Rule," signed by EPA Administrator Lisa P. Jackson on October 6, 2011.

provided in the NODA were not subject to public comment and 2) the contingent and confidential negotiations of the PPAs prevented CPI NC from providing EPA with information about future output from the Facilities.

REQUEST FOR ADMINISTRATIVE STAY

CPI NC urges EPA to issue an administrative stay of the CSAPR rule as it applies to CPI NC until such time as EPA has provided adequate allowances that reflect CPI NC's historical operations and its prospective generation of renewable energy under the PPAs. In tandem with its authority to initiate reconsideration of a final rule, EPA has authority to grant an administrative stay under Section 307 of the CAA, 42 U.S.C. § 7607.[4] Other than satisfaction of the criteria for reconsideration, there are no specific requirements for the issuance of a stay under CAA Section 307. CPI NC has demonstrated above that reconsideration is necessary and appropriate in this case. Therefore, EPA has the authority to issue a stay.[5]

EPA may also issue a stay pursuant to Section 705 of the Administrative Procedure Act ("APA"), 5 U.S.C. § 705.[6] This provision authorizes EPA to stay the provisions of a

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[4] CAA § 7607(d)(7)(B) provides in part:

> If the person raising an objection can demonstrate to the Administrator that it was impracticable to raise such objection within such time or if the grounds for such objection arose after the period for public comment (but within the time specified for judicial review) and if such objection is of central relevance to the outcome of the rule, the Administrator shall convene a proceeding for reconsideration of the rule and provide the same procedural rights as would have been afforded had the information been available at the time the rule was proposed. … The effectiveness of the rule may be stayed during such reconsideration, however, by the Administrator or the court for a period not to exceed three months.

[5] On numerous occasions, EPA has issued an administrative stay to make technical corrections to a final rule during reconsideration. See, e.g., "National Emission Standards for Hazardous Air Pollutants: Group IV Polymers and Resins; Extension of Compliance Date," 62 Fed. Reg. 30,993 (June 6, 1997); "National Emission Standards for Hazardous Air Pollutants for Source Categories: Organic Hazardous Air Pollutants From the Synthetic Organic Chemical Manufacturing Industry and Other Processes Subject to the Negotiated Regulation for Equipment Leaks; Notice of Partial Stay and Reconsideration," 59 Fed. Reg. 53,359 (October 24, 1994).

[6] APA § Section 705 states:

> When an agency finds that justice so requires, it may postpone the effective date of action taken by it, pending judicial review. On such conditions as may be required and to the extent necessary to prevent irreparable injury, the reviewing court, including the court to which a case may be taken on appeal from or on application for certiorari or other writ to a reviewing court, may issue all necessary and appropriate process to postpone the effective date of an agency action or to preserve status or rights pending conclusion of the review proceedings.

final rule when "justice so requires" and when judicial review is pending.[7] EPA recently relied on this authority when it issued a deferral of the effective date of emission standards for industrial boilers and incinerators.[8] In this case, justice requires that EPA issue a stay of the CSAPR rule as it applies to CPI NC until EPA provides CPI NC with an appropriate level of allowances.

Although CPI NC is seeking administrative relief under the statutory provisions discussed above, CPI NC's request for a stay of the rule would also satisfy the more stringent judicial standard applied by the courts. Courts typically consider four factors in determining whether to grant a judicial stay: "(1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies." *Nken v. Holder*, 129 S. Ct. 1749, 1761 (2009).

CPI NC can satisfy each of the four factors. First CPI NC has provided sufficient evidence to demonstrate that additional allocations are necessary for the Facilities. In particular, EPA's use of incomplete baseline data necessitates such additional allocations under EPA's own methodology. Second, in the absence of a stay, CPI NC would be irreparably harmed. CPI NC would need to acquire a significant number of allowances to accommodate its projected output for 2012 and beyond. Alternatively, CPI NC would need to limit its operations to a level commensurate with its underallocation. In either case, CPI NC would incur significant economic losses that could not be recovered. Third, a stay of the CSAPR rule as it applies to CPI NC would not adversely affect any other party or EPA because their rights and obligations under CSAPR would take effect on schedule. Finally, a partial stay would not adversely impact the public interest. CPI NC's contribution to the overall heat input of electric generation units in North Carolina is approximately one percent. Moreover, in its fact sheet for the recent proposal to increase the CSAPR budgets for several states by thousands of tons, EPA stated:

> The proposed revisions will not affect the significant air quality improvements slated to occur under CSAPR, nor have a major impact on CSAPR's goal to reduce interstate transport of pollution to help downwind states in their efforts to attain and maintain the National Ambient Air Quality Standards (NAAQS).

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[7] Several parties have already filed petitions for review of the CSAPR rule in the U.S. Court of Appeals for the D.C. Circuit. Because of the significant ramifications of this issue, CPI NC has simultaneously filed a petition for review to preserve its right to seek judicial review in the event that EPA declines to act favorably on this petition.

[8] See "Industrial, Commercial, and Institutional Boilers and Process Heaters and Commercial and Industrial Solid Waste Incineration Units: Final Rules; Delay of Effective Date," 76 Fed. Reg. 28,662 (May 18, 2011).

> . . . The revisions reflect new information with technical merit that was brought to the EPA by stakeholders after the final CSAPR was published and in most cases the changes are based on previously misreported or incompletely reported industry data from a small number of units.[9]

Because the magnitude of the changes described in EPA's proposal dwarfs the emissions profile at the Facilities, a stay of the rule as it applies to CPI NC would not affect the public interest. Therefore, we respectfully urge EPA to issue a stay of the CSAPR rule as it applies to CPI NC until the issues discussed herein have been resolved.

We welcome the opportunity to work with EPA to resolve the issues identified in this petition through an administrative action. Please contact me at 919-420-1794 or blane@kilpatricktownsend.com if you have any questions about this petition. Thank you for your consideration of this important matter.

Sincerely,

William F. Lane
Counsel for CPI USA North Carolina LLC

Enclosures

cc: **Via electronic mail**
Meg Victor (U.S. EPA)
Brian Fisher (U.S. EPA)
Sheila Holman (NC DAQ)
Donald van der Vaart (NC DAQ)
Christopher Kopecky (CPI USA North Carolina LLC)

[9] See EPA Fact Sheet "Proposed Revisions to the Federal Implementation Plans to Reduce Interstate Transport of Fine Particulate Matter and Ozone," October 6, 2011. For the NOx annual trading budget in 2012 and 2013, EPA has proposed to increase the budgets of several states by a total of approximately 20,000 tons.

Exhibit 1

CPI USA North Carolina LLC Letter to EPA

September 30, 2011

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September 30, 2011

Via Electronic Mail (fisher.brian@epa.gov) and First Class Mail

Mr. Brian Fisher
U.S. Environmental Protection Agency
Clean Air Markets Division
Ariel Rios Building
1200 Pennsylvania Avenue, N. W.
Mail Code: 6204J
Washington, DC 20460

Re: Request for Additional CSAPR Allowances by CPI USA North Carolina LLC

Dear Brian:

On behalf of CPI USA North Carolina LLC ("CPI NC"), I write to follow up on our recent discussion regarding EPA's Cross State Air Pollution Rule ("CSAPR"). As discussed in detail below, CPI NC is concerned that it has received an inadequate number of NOx and SO2 allowances for its two facilities in North Carolina under the Federal Implementation Plan ("FIP") that takes effect in 2012. Therefore, we request that EPA provide CPI NC with additional allowances as outlined below.

BACKGROUND

CPI NC owns and operates two generating facilities in North Carolina (which together constitute substantially all of its assets): (a) the "Southport Facility" located at 1281 Powerhouse Drive, SE, Southport, North Carolina, and (b) the "Roxboro Facility" located at 331 Allie Clay Road, Roxboro, North Carolina. The Roxboro and Southport facilities are referred to individually as "Facility" and together as the "Facilities."

In response to the Clean Air Interstate Rule ("CAIR"), other pending federal environmental regulations and the enactment of a renewable portfolio standard in North Carolina, CPI NC committed to a substantial upgrade of the Facilities to convert them from stoker coal facilities to facilities capable of burning a fuel mix of wood, tire derived fuel ("TDF"), and coal. The substantial modifications, which cost in excess of $85 million, greatly reduced the emissions from the Facilities, displaced a significant amount of fossil fuel combustion, and allowed the Facilities to be certified as New Renewable Energy Facilities by

the North Carolina Utilities Commission. This designation allows both Facilities to produce renewable energy certificates ("RECs") under the State's renewable portfolio standard.

The Roxboro Facility was originally a nominal 56 MW coal-fired cogeneration facility, which began commercial operation in August 1987. The Roxboro Facility consists of one power block, which includes a 56 MW steam turbine generator that receives steam from three stoker boilers. Following completion of the recent renovations, the nominal capacity of the Roxboro Facility is approximately 47 MW. Historically, the Roxboro Facility sold steam to Collins & Aikman Corporation. Following the closing of the Collins & Aikman facility, the Roxboro Facility relinquished its qualifying cogeneration facility status under the Public Utilities Regulatory Policies Act of 1978 ("PURPA"). Since the first quarter of 2010, the Roxboro Facility has operated as a small power production facility under PURPA.

The Southport Facility was originally a nominal 112 MW coal-fired cogeneration facility, which began commercial operation in August 1987. It consists of two power blocks, each of which includes a 56 MW steam turbine generator that receives steam from three stoker boilers. Following completion of the recent renovations, the nominal capacity of the Southport Facility was reduced to approximately 86 MW. The Southport Facility sells steam to Archer Daniels Midland and is a qualifying cogeneration facility under PURPA.

The improvements to the Facilities were completed in 2009 and 2010. The extensive equipment and additions at each of the facilities included: (a) biomass fuel handling systems; (b) emission control equipment; (c) rotating opposed fired air system (ROFA) on each boiler to minimize NOx and CO emissions; (d) equipment for the injection of limestone to minimize SO2 emissions; and (e) new state of the art distributed control systems.

Since beginning commercial operations, the Facilities have sold their electrical output to Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. ("Progress"). Currently, the Facilities sell power to Progress pursuant to power purchase agreements that were executed on June 24, 2011 (the "PPAs"). The PPAs were the result of a lengthy arbitration process that was commenced by CPI USA North Carolina on October 30, 2009 after Progress refused to extend the then current power purchase agreements that expired on December 31, 2009. During the arbitration, pursuant to a ruling by the North Carolina Utilities Commission, the Facilities continued to sell power to Progress pursuant to the terms of the power purchase agreements that expired on December 31, 2009.

Through the implementation of the recently-executed PPAs, both plants are expected to generate substantially more power than in previous years due to an increase in the operating profile. Tables 1a and 1b, attached hereto, summarize the historic heat input values, as well as the current and forecasted heat input values at the Facilities.

BASIS FOR REVISED ALLOCATION

Like many other generators of electricity, CPI NC has general concerns about the allocation of allowances and the timeframe for implementation of CSAPR. For example, CPI NC is concerned that CSAPR discourages facilities from transitioning to renewable fuels because it does not distinguish between emissions from biomass facilities and emissions from combustion of fossil fuels. This approach differs from other recent EPA rulemakings, such as the greenhouse gas tailoring rule and the Boiler MACT rule, where emissions from combustion of biogenic fuels have been subjected to standards that differ from those that apply to fossil fuels. In addition, CPI NC believes that EPA's accelerated approach of implementing the FIP in 2012 is an unfortunate departure from EPA's traditional method of working cooperatively with the states to implement federal programs through State Implementation Plans ("SIPs"). EPA could have achieved acceptable results by continuing with the CAIR program through the end of 2012 and then allowing for CSAPR SIP provisions to take effect in 2013.

We realize that market-based trading is one option for achieving compliance under CSAPR, but we are concerned that the rule does not create a level playing field. EPA's reliance on market-based trading ultimately favors certain market participants at the expense of others. CPI NC is particularly concerned that EPA's allocation process allows larger utilities with multiple facilities to aggregate large numbers of allowances, trade them internally, or bank them for future years. This dominance over the market disadvantages smaller power producers who seek to buy allowances. Independent power producers are also at a disadvantage when competing with large utilities for allowances in the market because, unlike regulated utilities, they cannot recover the cost of allowances from ratepayers.

With these general concerns in mind, CPI NC would like to discuss with EPA two unique bases for reallocation that are specific to the Facilities. First, it appears that EPA's data files (upon which the CSAPR allocations were based) contain incomplete heat input and emissions data for the Facilities. This has resulted in an underallocation of allowances to CPI NC. Second, the Facilities' current and expected capacity factors (and heat input) under the recently-executed PPAs are dramatically greater than historical values, which exacerbates the impacts of the Facilities' underallocation of allowances.

<u>Incomplete Heat Input and Emissions Data</u>

It appears that the allowances provided to the Roxboro and Southport Facilities under the final CSAPR allocation methodology are based on incomplete heat input and emissions data. Under the CSAPR, EPA allocated SO2 and NOx credits based on the highest three-year average heat input from 2006-2010. For both Southport and Roxboro, EPA determined the three-year average using data from 2007, 2008, and 2010. The heat input data that were utilized by EPA in calculating the number of allowances for the Facilities appear to include

only seasonal heat input data for 2006 and 2007. We think it is likely that EPA used data it received under the NOx Budget Trading Program, under which both facilities were required to report only seasonal data. In addition, the emissions data used by EPA to calculate the Facilities' allocations are incorrect for annual SO2 during 2003-2008 and annual NOx during 2003-2007. Because EPA's data files include incomplete heat input and emissions data, the resulting allocations for the Facilities are significantly less than what would have resulted had the EPA used annual heat input and emissions data for these years.

The attached tables contain the correct heat input and emissions data for the Facilities. Table 2, attached hereto, includes the corrected heat input data for 2006 and 2007. Using the corrected data, the highest three-year average heat input for Roxboro would have come from 2006, 2007, and 2008. The highest three-year average heat input for Southport would have come from 2007, 2008, and 2010 for boilers 1A, 1B, 2A, 2B and 2C, and 2006, 2007, and 2008 for boiler 1C. Using the complete heat input data results in a three-year averaging period that differs from the one used by EPA (2007, 2008, and 2010). The attached Tables 3a and 3b include the yearly 2003-2007 NOx emissions data and 2003-2008 SO2 emissions data, respectively, which EPA will need to calculate the appropriate level of allocations for the Facilities. Table 4a and 4b include boiler-specific heat input data from 2003-2008 for Roxboro and Southport, respectively. CPI NC respectfully requests that EPA review the attached data and allocate the proper number of allowances to the Facilities.

Revised Operating Profile

CPI NC's execution of new PPAs in June 2011 will result in higher capacity factors and higher heat input values for each of the units. Although the Facilities do not qualify as "replacement" units as that term is defined in CSAPR, the plant upgrades significantly modified the fuel mix in the facilities to reduce emissions and to allow the Facilities to produce RECs. Because CPI NC's higher operating profile is the result of its contribution towards achievement of the North Carolina renewable energy portfolio standard, CPI NC believes that EPA should issue additional allowances to accommodate this new generation that does not depend on fossil fuel.

The increased operations of the Facilities under the new PPAs will increase the heat input for the Facilities over (a) the incomplete historical levels that were used by EPA in calculating the allowance allocations for the Facilities under CSAPR and (b) the actual historical heat input levels at the Facilities. As shown in Table 1a, the average historical annual heat input during the baseline period was 2,052,623 MMBtu for Roxboro and 5,135,927 MMBtu for Southport. Pursuant to the new PPAs, and as shown in Table 1b, the Facilities' enhanced operations will result in an annual heat input of 3,516,161 MMBtu for Roxboro and 7,697,044 MMBtu for Southport. The upward trajectory of these figures illustrates how the shift away from fossil fuel fired generation, which has been mandated by law in North Carolina, is not addressed by CSAPR.

CPI NC has discussed the allocations for the Facilities with the North Carolina Division of Air Quality ("NC DAQ"). In particular, we have shared with NC DAQ our concerns with our underallocation for 2012 under the FIP. CPI NC will be seeking an increased allocation under a SIP that CPI NC believes will be developed by North Carolina for 2013 and beyond.

In light of the pending October 7, 2011 deadline for filing a petition for reconsideration and a petition for review, we would welcome the opportunity to meet with you very soon to discuss this request for reallocation. We would like to arrange for a meeting with you either in person or by conference call on or before October 4, 2011. Please contact me at (919) 420-1794 or blane@kilpatricktownsend.com to let me know your availability.

Thank you for your attention to this important matter.

Sincerely,

William F. Lane
Counsel for CPI USA North Carolina LLC

cc: Christopher L. Kopecky (CPI USA North Carolina LLC)
Sheila Holman (NC DAQ)
Donald van der Vaart (NC DAQ)

Attachment 1

Table 1a: Historic Plant Level Heat Input (MMBtu)

	Roxboro	Southport
2006	2,233,254	4,514,837
2007	3,276,050	6,589,945
2008	2,647,198	6,810,644
2009	450,546	2,801,150
2010	1,656,068	4,963,060
Average	2,052,623	5,135,927

Notes:

(1) 2008-2010 data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS)
(2) 2006-2007 full year data not available through EPA; heat input for this period is based instead on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR)

Table 1b: Forecasted Plant Level Heat Input (MMBtu)

	Roxboro	Southport
2011	3,089,792	6,535,308
2012	3,629,912	8,003,640
2013	3,620,367	7,982,090
2014	3,620,367	7,982,090
2015	3,620,367	7,982,090
Average	3,516,161	7,697,044

Notes:

(1) 2011 data based on actual heat input through August 2011 and on forecasts for remaining months.

Table 2: Corrected Heat Input Data for 2006-2007 at Boiler Level (MMBtu)

Corrected Data [1]

Southport

	2006	2007
Boiler 1A	745,813	1,085,824
Boiler 1B	684,465	1,032,774
Boiler 1C	723,355	1,011,169
Boiler 2A	779,126	1,086,869
Boiler 2B	827,386	1,219,383
Boiler 2C	754,692	1,153,927
Total	**4,514,837**	**6,589,946**

Roxboro

	2006	2007
BLR01A	735,290	1,009,599
BLR01B	758,230	1,016,575
BLR01C	739,734	1,249,876
Total	**2,233,254**	**3,276,050**

CSAPR Underlying Data [2]

Southport

	2006	2007
Boiler 1A	483,647	597,354
Boiler 1B	452,821	580,587
Boiler 1C	470,917	593,192
Boiler 2A	478,586	620,219
Boiler 2B	505,873	698,441
Boiler 2C	417,856	597,201
Total	**2,809,701**	**3,686,994**

Roxboro

	2006	2007
BLR01A	403,341	464,857
BLR01B	459,066	499,926
BLR01C	424,298	493,444
Total	**1,286,705**	**1,458,228**

Notes:

(1) 2006-2007 full year data based on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR).

(2) 2006-2007 data used by EPA were based only on heat input reported during seasonal NOx budget months.

Table 3a: NOx Emissions (tons)

Roxboro Annual NOx (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2007	139	140	172	**452**
2006	120	124	121	**364**
2005	193	180	191	**564**
2004	162	181	169	**513**
2003	123	133	154	**410**

Southport Annual NOx (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2007	198	188	184	180	202	191	**1,144**
2006	152	139	147	158	167	153	**916**
2005	229	226	210	232	221	218	**1,337**
2004	208	205	208	211	231	230	**1,293**
2003	200	202	200	200	191	181	**1,174**

Notes:

(1) EPA allocation of CSAPR allowances was based on data for seasonal NOx budget months. Corrected data above include all calendar months.

Table 3b: SO2 Emissions (tons)

Roxboro Annual SO_2 (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2008	466	462	453	**1,381**
2007	586	590	726	**1,902**
2006	586	473	461	**1,393**
2005	586	546	581	**1,715**
2004	586	573	536	**1,623**
2003	586	417	489	**1,292**

Notes:

(1) Total plant SO2 emissions as reported to NC DENR. Boiler level numbers for years 2004-2008 are best estimates based on each boiler's total heat input for that year. 2003 boiler level numbers are actual emission levels. For reference, heat inputs for years 2003-2008 are provided in Table 4a.

Southport Annual SO_2 (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2008	713	693	725	669	668	641	**4,109**
2007	654	622	609	700	786	743	**4,113**
2006	480	440	465	500	531	485	**2,902**
2005	723	715	662	731	696	688	**4,216**
2004	530	522	531	521	572	568	**3,245**
2003	420	423	420	428	409	388	**2,489**

Notes:

(1) Total plant SO2 emissions as reported to NC DENR. Boiler level numbers for years 2004-2008 are best estimates based on each boiler's total heat input for that year. 2003-2004 boiler level numbers are actual emission levels. For reference, heat inputs for years 2003-2008 are provided in Table 4b.

Table 4a: Roxboro Heat Input 2003-2008 (MMBtu)

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2003	635,678	686,691	794,797	**2,117,166**
2004	777,978	867,771	811,874	**2,457,623**
2005	920,740	855,907	910,481	**2,687,127**
2006	735,290	758,230	739,734	**2,233,254**
2007	1,009,599	1,016,575	1,249,876	**3,276,050**
2008	894,048	885,306	867,844	**2,647,198**

Notes:

(1) 2003-2007 full year data based on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR).

Table 4b: Southport Heat Input 2003-2008 (MMBtu)

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2003	911,125	917,972	910,863	928,732	887,756	841,481	**5,397,929**
2004	938,959	924,079	940,087	921,493	1,012,611	1,006,185	**5,743,414**
2005	1,053,907	1,042,477	964,836	1,065,796	1,013,806	1,002,423	**6,143,244**
2006	745,813	684,465	723,355	779,126	827,386	754,692	**4,514,837**
2007	1,085,824	1,032,774	1,011,169	1,086,869	1,219,383	1,153,927	**6,589,945**
2008	1,182,381	1,148,548	1,201,594	1,109,110	1,107,061	1,061,950	**6,810,644**

Notes:

(1) 2003-2007 full year data based on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR).

Exhibit 2

Updated Heat Input and Emissions Data

CPI USA North Carolina LLC - Roxboro, NC

CPI USA North Carolina LLC - Southport, NC

Table 5a: Historic Plant Level Heat Input (MMBtu)

	Annual		Seasonal (May-Sept)	
	Roxboro	**Southport**	**Roxboro**	**Southport**
2006	2,233,254	4,514,837	930,523	1,881,182
2007	3,276,050	6,589,945	1,365,021	2,745,810
2008	2,647,198	6,810,644	1,102,999	2,837,768
2009	450,546	2,801,150	187,728	1,167,146
2010	1,656,068	4,963,060	690,028	2,067,942
Average	2,052,623	5,135,927	855,260	2,139,970

Notes:

(1) 2008-2010 data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS)
(2) 2006-2007 full year data not available through EPA; heat input for this period is based instead on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR)

Table 5b: Forecasted Plant Level Heat Input (MMBtu)

	Annual		Seasonal (May-Sept)	
	Roxboro	**Southport**	**Roxboro**	**Southport**
2011[(1)]	3,089,792	6,535,308	1,287,413	2,723,045
2012	3,629,912	8,003,640	1,512,463	3,334,850
2013	3,620,367	7,982,090	1,508,486	3,325,871
2014	3,620,367	7,982,090	1,508,486	3,325,871
2015	3,620,367	7,982,090	1,508,486	3,325,871
Average	3,516,161	7,697,044	1,465,067	3,207,102

Notes:

(1) 2011 data based on actual heat input through August 2011 and on forecasts for remaining months.

Table 6: Corrected Heat Input Data for 2006-2007 at Boiler Level (MMBtu)

Corrected Data [1]

Southport

	2006	2007
Boiler 1A	745,813	1,085,824
Boiler 1B	684,465	1,032,774
Boiler 1C	723,355	1,011,169
Boiler 2A	779,126	1,086,869
Boiler 2B	827,386	1,219,383
Boiler 2C	754,692	1,153,927
Total	**4,514,837**	**6,589,946**

Roxboro

	2006	2007
BLR01A	735,290	1,009,599
BLR01B	758,230	1,016,575
BLR01C	739,734	1,249,876
Total	**2,233,254**	**3,276,050**

CSAPR Underlying Data [2]

Southport

	2006	2007
Boiler 1A	483,647	597,354
Boiler 1B	452,821	580,587
Boiler 1C	470,917	593,192
Boiler 2A	478,586	620,219
Boiler 2B	505,873	698,441
Boiler 2C	417,856	597,201
Total	**2,809,701**	**3,686,994**

Roxboro

	2006	2007
BLR01A	403,341	464,857
BLR01B	459,066	499,926
BLR01C	424,298	493,444
Total	**1,286,705**	**1,458,228**

Notes:

(1) 2006-2007 full year data based on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR).

(2) 2006-2007 data used by EPA were based only on heat input reported during seasonal NOx budget months.

Table 7a: NOx Emissions Annual

Roxboro Annual NOx (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2010	72	69	79	**219**
2009	27	22	20	**69**
2008	126	123	122	**371**
2007	139	140	172	**452**
2006	120	124	121	**364**
2005	193	180	191	**564**
2004	162	181	169	**513**
2003	123	133	154	**410**

Southport Annual NOx (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2010	120	120	105	139	153	115	**752**
2009	116	129	89	66	63	79	**542**
2008	191	182	198	169	172	158	**1,071**
2007	198	188	184	180	202	191	**1,144**
2006	152	139	147	158	167	153	**916**
2005	229	226	210	232	221	218	**1,337**
2004	208	205	208	211	231	230	**1,293**
2003	200	202	200	200	191	181	**1,174**

Notes:

(1) 2008-2010 data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS)

(2) 2004-2007 total plant NOx emissions as reported to NC DENR. Boiler level numbers for years 2004-2007 are best estimates based on each boiler's total heat input for that year.

(3) 2003 boiler level numbers are actual emission levels.

Table 7b: NOx Emissions Seasonal (May-Sept)

Roxboro Seasonal NOx (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2010	25	25	28	**78**
2009	5	4	3	**12**
2008	58	60	60	**178**
2007	63	70	69	**202**
2006	57	65	60	**182**
2005	94	88	87	**269**
2004	82	90	82	**255**
2003	52	49	55	**156**

Southport Seasonal NOx (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2010	60	50	50	67	67	42	**337**
2009	46	38	28	36	31	42	**221**
2008	88	84	93	88	81	84	**518**
2007	91	86	92	87	103	83	**543**
2006	75	68	72	73	78	63	**428**
2005	97	101	101	118	115	106	**638**
2004	105	100	100	102	111	114	**632**
2003	85	85	90	84	80	80	**504**

Notes:

(1) 2003-2010 data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS)

Table 7c: SO2 Emissions

Roxboro Annual SO_2 (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2010	212	205	250	**667**
2009	288	245	216	**749**
2008	466	462	453	**1,381**
2007	586	590	726	**1,902**
2006	459	473	461	**1,393**
2005	588	546	581	**1,715**
2004	514	573	536	**1,623**
2003	386	417	489	**1,292**

Southport Annual SO_2 (tons)

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2010	282	277	248	418	413	332	**1,971**
2009	911	1,033	661	703	630	721	**4,659**
2008	713	693	725	669	668	641	**4,109**
2007	654	622	609	700	786	743	**4,113**
2006	480	440	465	500	531	485	**2,902**
2005	723	715	662	731	696	688	**4,216**
2004	530	522	531	521	572	568	**3,245**
2003	420	423	420	428	409	388	**2,489**

Notes:

(1) 2009-2010 data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS)

(2) 2004-2008 total plant SO2 emissions as reported to NC DENR. Boiler level numbers for years 2004-2007 are best estimates based on each boiler's total heat input for that year.

(3) 2003 boiler level numbers are actual emission levels.

Table 8a: Roxboro Heat Input (MMBtu)

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2010	539,117	539,440	577,511	**1,656,068**
2009	172,336	145,381	132,829	**450,546**
2008	894,048	885,306	867,844	**2,647,198**
2007	1,009,599	1,016,575	1,249,876	**3,276,050**
2006	735,290	758,230	739,734	**2,233,254**
2005	920,740	855,907	910,481	**2,687,127**
2004	777,978	867,771	811,874	**2,457,623**
2003	635,678	686,691	794,797	**2,117,166**

Notes:

(1) 2008-2010 data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS)

(2) 2003-2007 full year data based on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR).

Table 8b: Southport Heat Input (MMBtu)

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2010	816,017	801,657	722,473	901,271	951,029	770,613	**4,963,060**
2009	600,398	665,981	466,051	344,660	327,650	396,410	**2,801,150**
2008	1,182,381	1,148,548	1,201,594	1,109,110	1,107,061	1,061,950	**6,810,644**
2007	1,085,824	1,032,774	1,011,169	1,086,869	1,219,383	1,153,927	**6,589,945**
2006	745,813	684,465	723,355	779,126	827,386	754,692	**4,514,837**
2005	1,053,907	1,042,477	964,836	1,065,796	1,013,806	1,002,423	**6,143,244**
2004	938,959	924,079	940,087	921,493	1,012,611	1,006,185	**5,743,414**
2003	911,125	917,972	910,863	928,732	887,756	841,481	**5,397,929**

Notes:

(1) 2008-2010 data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS)

(2) 2003-2007 full year data based on operational data reported to the North Carolina Department of Environment and Natural Resources (NC DENR).

Table 8c: Roxboro Seasonal Heat Input (MMBtu) – May through Sept

	Boiler 1A	Boiler 1B	Boiler 1C	Total
2010	220,485	224,524	232,626	**677,635**
2009	23,038	17,210	17,972	**58,220**
2008	424,803	434,538	432,630	**1,291,971**
2007	464,857	499,926	493,444	**1,458,228**
2006	403,341	459,066	424,298	**1,286,705**
2005	506,323	474,683	469,615	**1,450,621**
2004	464,779	502,630	467,520	**1,434,929**
2003	290,644	279,611	313,945	**884,201**

Notes:

(1) All data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS) – May through September only

Table 8d: Southport Seasonal Heat Input (MMBtu) – May through Sept

	Boiler 1A	Boiler 1B	Boiler 1C	Boiler 2A	Boiler 2B	Boiler 2C	Total
2010	414,624	352,081	349,384	434,567	424,985	300,973	**2,276,614**
2009	236,784	195,530	142,744	180,344	154,371	207,152	**1,116,926**
2008	573,131	560,327	588,814	608,452	564,519	585,852	**3,481,095**
2007	597,354	580,587	593,192	620,219	698,441	597,201	**3,686,994**
2006	483,647	452,821	470,917	478,586	505,873	417,856	**2,809,701**
2005	495,937	518,227	520,716	616,227	599,845	559,852	**3,310,804**
2004	507,832	488,841	486,499	513,758	542,518	571,702	**3,111,151**
2003	422,150	421,762	443,159	421,707	394,831	405,053	**2,508,662**

(1) All data as reported to EPA Emissions Collection and Monitoring Plan System (ECMPS) – May through September only