



North Carolina Department of Environment and Natural Resources
Division of Air Quality

Beverly Eaves Purdue
Governor

B. Keith Overcash, P.E.
Director

Dee Freeman
Secretary

July 23, 2009

Mr. Chris M. Hobson
Senior Vice President
Research and Environmental Affairs
Southern Power Company – Plant Rowan County
600 North 18th Street
Birmingham, AL 35291

SUBJECT: 2009 Clean Air Interstate Rule (CAIR) Allowances from New Unit Set-aside
Southern Power Company – Plant Rowan County
Air Quality Permit No. 0875T12
Facility ID: 8000163
Salisbury, North Carolina
Rowan County

Dear Mr. Hobson:

Your letter of June 29, 2009, requested NO_x allowances for Units 4 and 5 at your Plant Rowan County facility. We have determined that both are considered new units under 40 CFR 96.142, *CAIR NO_x allowance allocations* and 40 CFR 96.342, *CAIR NO_x Ozone Season allowance allocations*. Since paragraph (c)(3) of either regulation allows the CAIR designated representative to request control period CAIR NO_x allowances based on the amount of NO_x emissions during the calendar year immediately preceding the control period, we have determined the following:

1. The 2008 NO_x emissions from Unit 4 were 27 tons of which 19 tons were emitted during the ozone season (May 1 through September 30); therefore, the approved 2009 annual NO_x allocation will be 27 tons which includes 19 tons allocated for the ozone season.
2. Similarly, the 2008 NO_x emissions from Unit 5 were 31 tons, of which 22 tons were emitted during the ozone season; therefore, the approved 2009 annual NO_x allocation will be 31 tons which includes 22 tons allocated for the ozone season.

DAQ will issue these allowances (from North Carolina's new unit set-aside account) through EPA's Clean Air Markets Division (CAMD). Should the units emit less than the allocated quantities, the State of North Carolina will return the remaining allowances to its new unit set-aside account; such allowances cannot be banked, traded, or sold. Should the actual amount of

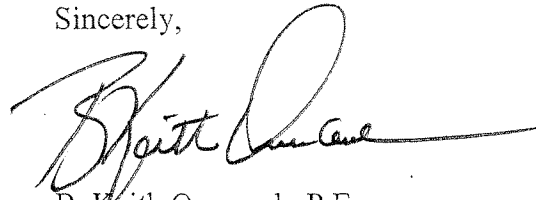
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NOx emissions from either unit exceed its allocation, you must obtain sufficient allowances to cover that difference from the cap and trade market operated by CAMD. If excess allowances remain in your account from Units 1, 2, or 3, after requirements to cover actual NOx emission are satisfied, those allowances may be sufficient to cover emissions beyond the new source set-aside allowances held for Units 4 or 5.

Until DAQ completes a periodic reallocation per 15A NCAC 02D .2413, you must make an annual allocation request. NOx allocations for the requested year must be based upon the previous year's actual NOx emissions. Requests for CAIR NOx annual allowances should be made on or before May 1, and requests for CAIR NOx ozone season allowances should be made on or before February 1.

Should you have any questions regarding this approval, please contact Alan Drake at (919) 715-6256 or Glenn Sappie at (919) 715-3822.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Keith Overcash", with a long horizontal flourish extending to the right.

B. Keith Overcash, P.E.

cc: Michael Abraczinskas – RCO
Michael Pjetraj – RCO
Brian Toth – Plant Rowan County
Mike Landis – MRO
Central File – Rowan County