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October 31, 2013

Mr. George Harding
EPA New England, MC OES04-4
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Boston, Massachusetts 02109-3912

Mr. David Ferris, Director
Massachusetts Waste Water Program
Massachusetts Department of Environmental Protection
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Delivery: By Email with Overnight Mail to Follow

Subject: **NRG Kendall LLC (fka/GenOn Kendall, LLC)**
USEPA Region 1 DOCKET NO. 11-005
MassDEP File No. UAO-BO-11-1N001
NPDES Permit No. MA0004898
Quarterly Progress Report (Q3 2013)

Dear Mr. Harding and Mr. Ferris:

NRG Kendall LLC ("NRG" or the "Company") is submitting this quarterly progress report in accordance with Paragraph 4 of Section V of the Administrative Order for Compliance issued by the United States Environmental Protection Agency ("USEPA") Region 1 on January 31, 2011 (the "USEPA Order") and Paragraph 4 of Section V of the Unilateral Administrative Order issued by the Massachusetts Department of Environmental Protection ("MassDEP") on the same day (the "MassDEP Order"). The USEPA Order and the MassDEP Order, both as amended,[1] are collectively referred to herein as the "Orders" and relate to the implementation of actions at the Kendall Cogeneration Station ("Kendall") in order to achieve compliance with the National Pollutant Discharge Elimination System ("NPDES") Permit issued on December 17, 2010. This quarterly progress report covers the time period from July 1, 2013 through September 30, 2013 (the "Reporting Period").

A. Activities undertaken during the Reporting Period to achieve compliance with the Orders.

Section V. Paragraph 4.a of the USEPA Order and of the MassDEP Order state that quarterly compliance reports submitted by the Company shall "[d]escribe the activities undertaken during the reporting period directed at achieving compliance with th[e Orders]." Section B below, which also responds to Section V. Paragraph 4.c. of the USEPA Order and of the MassDEP Order, provides a detailed description of the actions taken by NRG during the Reporting Period to achieve compliance with the Orders.

B. Report on compliance with Paragraphs 1, 2 and 3 of Section IV. of the USEPA Order and Paragraphs 1, 2, and 3 of Section V. of the MassDEP Order.

1. Section IV. Paragraph 1 of the USEPA Order and Section V. Paragraph 1 of the

[1] An amendment to the USEPA Order was approved on September 6, 2012. An Amendment to [DEP's] Unilateral Administrative Order was approved on November 2, 2012.

MassDEP Order

Below is a summary of the status of NRG's compliance with the obligations set forth in each of the subsections of Paragraph 1:

a. *At all times, cooperate with Trigen in Trigen's design, permitting and construction of the Steam Line.*

Prior to, and continuing through the Reporting Period, NRG maintained regular contact with Veolia Energy Boston, Inc. ("Veolia" or "Trigen")[2] regarding Veolia's design, permitting and construction efforts for the steam pipeline ("Steam Line"). During the Reporting Period, NRG personnel have had periodic meetings with Veolia personnel by phone and in person to discuss the status of Veolia's permitting and construction efforts. NRG has also purchased and installed at Kendall certain equipment, including a desuperheater, necessary for the proper delivery of steam to the new Steam Line. NRG also participated in several telephone conferences with Veolia, USEPA and MassDEP during which Veolia provided updates on the progress of its permitting and construction efforts.

Based on the actions it has taken during the Reporting Period, NRG is in full compliance with this requirement.

b. *Within 10 days after the Order Date, commence the process to obtain all Governmental Approvals to procure, install at the Station and operate the ACC and the BPST in order to meet the 2010 NPDES Permit limits. This shall include such detailed engineering of the ACC and BPST as necessary to support the permit applications and to provide supplementary data requested by the permitting and approval authorities.*

The Company commenced the process for obtaining all Governmental Approvals, including the necessary engineering, within 10 days of the Order Date. The Company's activities during the 10 days following the Order Date are described in its first Quarterly Progress Report dated April 29, 2011.

Based on its past actions, NRG is in full compliance with this requirement.

c. *Beginning 10 days after the Order Date until all Governmental Approvals are issued, provide timely and complete responses to all requests from any permitting and approval authority issuing a Governmental Approval.*

As reported in our Quarterly Progress Report dated January 30, 2013, the Company had received all final Governmental Approvals as of November 12, 2012, with the exception of any necessary building permits. Consistent with Section IV.1.e of the USEPA Order and Section V.1.e of the MassDEP Order, the Company has not yet applied for any building permits. With no approvals pending, the Company did not receive any requests from any permitting or approval authority requiring a response during the Reporting Period.

Based on the actions it has taken during the Reporting Period, NRG is in full compliance with this requirement.

d. *Within 15 days after the Order Date, initiate requests for pre-application meetings with all permitting and approval authorities issuing any of the Governmental Approvals.*

The Company's compliance with this requirement was described in its First Quarterly

[2] Veolia was previously known as Trigen-Boston Energy Corp.

Progress Report, dated April 29, 2011, at pages 3-4, and in Section B.1.b of the Third Quarterly Progress Report dated October 30, 2012 with respect to necessary modifications to USEPA's Order and MassDEP's Order.

Based on its past actions, NRG is in full compliance with this requirement.

e. *Within 90 days after the Order Date, submit applications for all Governmental Approvals. Notwithstanding the foregoing, the Permittee or its contractor may apply for any necessary building permits later than 90 days after the Order Date, so long as such application is submitted by the later of (i) 30 days after the issuance to third party vendors supplying the ACC and the BPST of notices to proceed with the fabrication of the ACC and BPST ("Notices to Proceed") or (ii) 5 days after the Permittee or its contractor have obtained all signatures of local government officials that are necessary for the Permittee or its contractor to apply for such building permits.*

The ninetieth day after the Order Date was Sunday May 1, 2011. The Company made all necessary applications for all known Government Approvals before that date. The Company's applications are described in its Quarterly Progress Report dated July 29, 2011. The prerequisite for the requirement to apply for any necessary building permits has not occurred. NRG intends to apply for any necessary building permits in accordance with the timeline described in the Orders.

As noted in previous Quarterly Progress Reports, the Company had been in communication with the City of Cambridge, and specifically the City of Cambridge Inspectional Services Department, regarding the applicability of the City's zoning ordinance to the proposed changes at Kendall since approximately a year prior to the dates of the Orders. Due to the City of Cambridge's position on the matter, the Company decided to apply for a zoning variance under a reservation of its rights. The Company's Application for a variance was approved and that approval became final on November 15, 2012. As such variances expire one year after issuance, and given that no building permit has yet been obtained which would prevent such expiration, NRG filed for and received a six-month extension of the variance during the reporting period.

Based on its past actions and actions taken during this Reporting Period, NRG is in full compliance with this requirement.

f. *Issue the Notices to Proceed within 10 days after the later of the following has occurred: (i) all Governmental Approvals, other than any necessary building permits, have been obtained, are no longer subject to appeal, and are effective, and (ii) December 31, 2013. In negotiating agreement(s) with the ACC and/or BPST vendor(s), the Permittee shall request that all components of the ACC and BPST be delivered to the Station within nineteen months of the issuance of the applicable Notice to Proceed.*

The prerequisites for the issuance of the Notices to Proceed have not occurred. No action is yet required of NRG under this provision.

g. *Within 7 days after receiving written notice from Trigen that the Steam Line is available for commercial operation, provide a copy of such notice to [USEPA and MassDEP].*

NRG did not receive such written notice from Veolia during the reporting period. NRG did however receive a notification on October 30, 2013 and is currently reviewing the commercial availability of the Steam Line. Once NRG confirms and has agreed that the Steam Line is commercially available, we will provide such notification to the agencies as required above.

h. *No later than four months before the anticipated delivery date for the BPST, commence construction of any on-site modifications to the Station necessary to accommodate the ACC and/or BPST.*

The prerequisite for this requirement has not yet occurred. No action is yet required of NRG under this provision.

i. *No later than twelve months before the anticipated delivery date for the BPST, request that ISO New England authorize (i) a planned outage for removal of Steam Turbine #3 as soon after the anticipated delivery date for the BPST as ISO New England will authorize, and (ii) a planned whole station outage for tie-in of the BPST and ACC to start within 12 weeks after the completion of the outage for removal of Steam Turbine #3. The Permittee shall provide a copy of such requests to [USEPA and MassDEP] within 7 days after submitting them to ISO New England.*

The prerequisite for this requirement has not yet occurred. No action is yet required of NRG. As was indicated in the Q1 2013 Quarterly Progress Report, the rated capacity of the Station can be reduced by 27.75MW no earlier than June 1, 2015.

j. *Within 7 days after receiving written notices from ISO New England authorizing the planned outages described in Section IV. Paragraph 1.i., provide a copy of such notices to [USEPA and MassDEP].*

The prerequisite for this requirement has not yet occurred. No action is yet required of NRG under this provision.

k. *Within 7 days after all of the components of the ACC have been delivered to the Station, notify [USEPA and MassDEP] of such delivery.*

The prerequisite for this requirement has not yet occurred. No action is yet required of NRG under this provision.

l. *Within 7 days after all of the components of the BPST have been delivered to the Station, notify [USEPA and MassDEP] of such delivery.*

The prerequisite for this requirement has not yet occurred. No action is yet required of NRG under this provision.

m. *By the latest of (i) 60 days after the Steam Line Completion Date, (ii) 90 days after all components of the [back pressure steam turbine (BPST)] BPST and of the [air cooled condenser (ACC)] ACC have been delivered to the Station, and (iii) 60 days after commencement of the planned whole station outage referenced in Section. IV. Paragraph 1.i.(i) [of the USEPA Order and Section V Paragraph 1.i(i) of the MassDEP Order], complete construction, installation, and tie-in of the ACC and BPST.*

The prerequisites for this requirement have not yet occurred. No action is yet required of NRG under this provision.

n. *By 30 days after completion of the construction, installation and tie-in of the ACC and BPST, comply with all permit limits of the 2010 NPDES Permit.*

The prerequisites for this requirement have not yet occurred. No action is yet required of NRG under this provision.

2. <u>Section IV. Paragraph 2 of the USEPA Order and Section V. Paragraph 2 of the MassDEP Order</u>

Where any compliance obligation requires the Permittee to obtain Governmental Approvals, the Permittee shall submit timely and complete applications and responses to requests for information and take all other actions reasonably necessary to obtain all such Governmental Approvals. Permittee may seek relief under the Force Majeure provisions below for any delay in the performance of any obligation imposed by this Order resulting from a failure to obtain, or a delay in obtaining, one or more Governmental Approvals required to fulfill such obligation, if the Permittee has submitted timely and complete applications and has taken all other actions reasonably necessary to obtain all such Governmental Approvals.

Based on the information provided in Sections B(1)(c), (d) and (e) above, NRG is in full compliance with this requirement.

3. Section IV. Paragraph 3 of the EPA Order and Section V. Paragraph 3 of the MassDEP Order

In the interim period from the Effective Date until the date for full permit compliance specified in Section IV. Paragraph l.n. [of the USEPA Order and Section V paragraph 1(n) of the MassDEP Order], the Permittee shall comply with the following effluent standards and limits:

a. *With respect to heat, non-contact cooling water flow, oxygen demand, the Station's cooling water intake structures, and temperature and water quality monitoring, the Permittee shall comply with the interim effluent limitations, monitoring requirements, and other conditions contained in Attachment A.*

NRG has submitted monthly discharge monitoring reports ("DMRs") as required by the NPDES Permit and the Orders. Information concerning specific monitoring parameters is included in the DMRs. To date, all discharges and monitoring parameters have been within the interim limits established in the Orders.

Based on the actions it has taken during the Reporting Period, NRG is in full compliance with this requirement.

b. *The Permittee shall also comply with all effluent limitations, monitoring requirements and other conditions specified in the 2010 NPDES Permit for the parameters not addressed by Attachment A.*

NRG has submitted monthly DMRs as required by the NPDES Permit and the Orders. Information concerning specific monitoring parameters is included in the DMRs. To date, all discharges and monitoring parameters have been within the limits established in the Permit.

Based on the actions it has taken during the Reporting Period, NRG is in full compliance with this requirement.

C. Activities expected to be undertaken during the next reporting period to achieve compliance with the Orders.

NRG expects to undertake the following activities during the period from October 1, 2013 to December 31, 2013:

1. Continue to participate in monthly update telephone conferences with MassDEP, USEPA and Veolia to follow Veolia's progress with respect to construction of the Steam Line until it reaches commercial operation;

2. Provide notice to USEPA and MassDEP within seven (7) days of receiving written notice from Veolia that the Steam Line is available for commercial operation;

3. Commence delivery of available steam over the Steam Line once the Steam Line is available for commercial operation;

4. Continue to submit monthly DMRs as required by the NPDES Permit and the Orders;

5. Review the proposals for the ACC and BPST;

6. Issue the Notices to Proceed for the ACC and BPST within 10 days after December 31, 2013.

If you have any questions or require any additional information, please contact me at (617) 529-3874 or shawn.konary@nrgenergy.com.

Sincerely yours,

Shawn Konary
Director, Environmental

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