Title V Air Operation Permit Renewal
Permit No. 0630014-013-AV

Gulf Power Company
Scholz Electric Generating Plant

APPLICANT

The applicant for this project is Gulf Power Company. The applicant's responsible official and mailing address are: Michael Burroughs, Vice President, Power Generation, Gulf Power Company, Scholz Electric Generating Plant, One Energy Place, Pensacola, Florida 32520-0100.

FACILITY DESCRIPTION

The applicant operates the existing Scholz Electric Generating Plant, which is located in Jackson County at 1460 Gulf Power Road, Sneads, Florida.

The existing facility consists of two coal fired steam generators (boilers) that are acid rain affected units, with NO_X limits established under Phase I, SO_2 requirements established under Phase II, and are currently meeting NO_X limits established pursuant to the provisions of a multi-state Phase II NO_X averaging plan. Also, the two boilers are regulated under the Clean Air Interstate Rule (CAIR).

Pulverized coal is the primary fuel for the boilers. Distillate fuel oil is used as a "back-up" fuel for the boilers, and both units are group 1 dry bottom, wall-fired boilers, with a heat input limit of 645.7 MMBtu/hr when firing pulverized coal and 12.4 MMBtu/hr when firing distillate fuel oil.

In addition, the facility operates four, diesel fuel-fired, reciprocating internal combustion engine (RICE)-driven generators and pumps subject to regulation pursuant to 40 CFR 63, Subpart ZZZZ – National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines. Also included in this permit are miscellaneous unregulated/insignificant emissions units and/or activities.

PROJECT DESCRIPTION

The purpose of this project is to renew Title V air operation permit No. 0630014-010-AV for the existing Scholz Electric Generating Station. In order to comply with the Utility MACT (MATS) under the NESHAP, Subpart UUUUU when the requirements become applicable on April 16, 2015, Gulf Power will cease coal-fired operations at the Scholz Electric Generating Plant.

PROCESSING SCHEDULE AND RELATED DOCUMENTS

Application for a Title V Air Operation Permit Revision received May 19, 2014. Application was deemed complete.

Draft/Proposed Permit issued August 6, 2014.

Public Notice Published August 11, 2014.

EPA notified August 14, 2014.

Final Permit issued September 26, 2014 and effective January 1, 2015.

PRIMARY REGULATORY REQUIREMENTS

Standard Industrial Classification (SIC) Code: 4911 - Electrical Generation.

North American Industry Classification System (NAICS): 221112 - Fossil Fuel Electric Power Generation.

Title I: The facility is identified as a major source of hazardous air pollutants (HAP).

Title IV: The facility operates units subject to the acid rain provisions of the Clean Air Act. Units 1 and 2 are part of a multi-state Phase II NO_X Averaging Plan.

Title V: The facility is a Title V major source of air pollution in accordance with Chapter 213, Florida Administrative Code (F.A.C.).

PSD: The facility is a Prevention of Significant Deterioration (PSD)-major source of air pollution in accordance with Rule 62-212.400, F.A.C.

CAIR: The facility is subject to the Clean Air Interstate Rule (CAIR) set forth in Rule 62-296.470, F.A.C.

PROJECT REVIEW

As part of this permit renewal, minor administrative changes have been made as describe below. Where helpful, the changed conditions have been highlighted in yellow within the draft/proposed permit for ease of location.

1. The facility description and list of applicable requirements in Section I were updated to reflect current applicable requirements.
2. Facility-wide Condition **FW5.** was revised to remove the reference in the previous permit pertaining to maintenance of the ash landfill. The Scholz facility has an ash pond, but does not have an ash landfill to maintain.
3. The previous Facility-wide Conditions **FW6.** and **FW7.** were replaced by a new condition **FW6.** to reflect the recent regulatory changes that combined the Annual Operating Report and the Annual Title V Fee submissions requirements. The remainder of the facility-wide conditions were renumbered accordingly.
4. Facility-wide condition **FW8.**a. (old **FW9.**a.) was revised to reflect the current contact information for the Chemical Emergency Preparedness and Prevention Office (CEPPO) RMP Reporting Center.
5. In order to comply with the Utility (MATS) under the NESHAP, Subpart UUUUU when the requirements become applicable on April 15, 2015, Gulf Power will cease coal-fired operations at Scholz. A new Specific Condition **A.0.** was placed into the permit to reflect Gulf Power's chosen MATS compliance option.
6. Specific Condition **A.17.** was revised to remove the requirement for fuel sampling to be performed by the vendor. Gulf Power has indicated that they may be able to obtain vendor delivery receipts, but it is common practice for them to perform their own fuel analyses upon delivery. (Table 2 – Summary of Compliance Requirements was revised, as well.)
7. Pursuant to the applicant's request, the ASTM test methods were updated in Specific Condition **A.28.** as acceptable alternatives.
8. A new Subsection III.B. was added to the permit to incorporate applicable requirements from 40 CFR 63, Subpart ZZZZ for the 4 RICE units into the permit. These engines were previously listed as unregulated activities in Appendix U, which has been revised accordingly.
9. To justify the continued inclusion of Units 001 and 002 in the previously approved multi-state Acid Rain NO_X averaging plan (effective through calendar year 2017) subsequent to their cessation of operation as coal-fired units, Specific Condition **A.4.** was added to Section IV of the permit. As explained in Specific Condition **A.4.**, it is acceptable to approve the continued inclusion of these units in the multi-state NOX averaging plan subsequent to their cessation of operation due to the fact that the annual heat input will be less than the maximum heat input limit listed in the averaging plan.
10. Appendices A, CAM and RR were replaced with the latest versions of the standard language.
11. Appendix I, List of Insignificant Activities was updated to match latest list supplied with renewal application.
12. Appendix H is revised to reflect the three most recent permitting action.

13. The rule citations in the Specific Conditions have been updated, as necessary, to reflect the most current applicable requirements.

CONCLUSION

This project renews Title V air operation permit No. 0630014-010-AV, which was effective on January 1, 2010. This Title V air operation permit renewal is issued under the provisions of Chapter 403, Florida Statues (F.S.), and Chapters 62-4, 62-210, 62-213 and 62-214, F.A.C.