



November 17, 2014

Paula Cobb, Director  
Division of Air Resource Management  
Florida Department of Environmental Protection  
2600 Blair Stone Road, MS 5500  
Tallahassee, FL 32399-2400  
*Via e-mail to Paula.Cobb@dep.state.fl.us*

Re: Plant Smith and Plant Crist MATS Compliance Extension Request

Dear Ms. Cobb:

On behalf of its more than 28,000 Florida members, Sierra Club submits this letter on the pending extension request for Plant Smith Units 1 and 2 and Plant Crist Units 4–7’s Mercury Air Toxics Standards (“MATS” or “Final Rule”) compliance. As discussed below, the plants’ owner/operator Gulf Power Company has failed to specify, as it must under the Final Rule, the emission controls and/or transmission upgrades that make an extension request necessary. Gulf has also failed to provide a complete compliance schedule with dates by which each step towards compliance will be reached within the extension period. To the Department’s credit, it requested additional information. However, Gulf’s response still does not meet the minimum requirements for an extension request.

With this letter, Sierra Club urges the Department to require Gulf to complete its extension request promptly, and no later than the December 17, 2014 extension request deadline. Also, consistent with MATS and the Florida Power Plant Siting Act, once Gulf’s extension request is complete, the Department should impose, at a minimum, two conditions on any extension—(1) modifications to the plants’ operating permits and certificates by the MATS compliance deadline, April 16, 2015, to minimize the plants’ toxic air emissions, and (2) Gulf’s commitment to retire Plant Smith Units 1 and 2 by April 16, 2016, at the latest. As discussed below, Gulf has confirmed that the two Smith units are no longer needed beyond that date. Therefore, retrofitting the two Smith units appears to be unnecessary, especially because alternate sources of power are available. Further, under the Final Rule, the option to retire the two Smith units by the MATS compliance deadline, April 16, 2015—or sometime within the extension period, which ends on April 16, 2016—should not be ruled out without input from an authoritative, third party.

As Gulf and the Department are well aware, MATS became effective on April 16, 2012, and the compliance deadline is April 16, 2015.<sup>1</sup> During the three-year compliance

---

<sup>1</sup> See 77 Fed. Reg. 9,304 (Feb. 16, 2012) (codified at 40 C.F.R. §§ 60, 63) (“Final Rule”).

period, covered electric generating units that are not configured for MATS compliance must be retrofitted or retired.<sup>2</sup> One- or two-year compliance extensions are available in limited circumstances.<sup>3</sup> The deadline for a two-year extension request has passed,<sup>4</sup> and the one-year extension request deadline is one month away, December 17, 2014.<sup>5</sup> More specifically, extensions for *up to* one year (to April 16, 2016) are *only* available *if*, by the December 17 deadline, the relevant state authority receives a complete request including: (1) a description of the emission controls and/or transmission upgrades<sup>6</sup> that make an extension request “necessary;”<sup>7</sup> (2) a compliance schedule with the dates by which the controls and/or transmission upgrades will be completed within the extension period;<sup>8</sup> *and* (3) any other information<sup>9</sup> the state authority needs to verify that the extension is necessary to install emissions controls and/or transmission upgrades at the particular unit(s) at issue.

Unless Gulf completes its MATS extension request by the December 17 deadline, the Department cannot grant an extension for Plants Smith and Crist. Further, under no circumstance can the Department let Gulf “continu[e] to evaluate the viability of adding emission controls to the two Smith units,” and “reach a decision before the end of the first quarter of 2015,”<sup>10</sup> or as late as March 31, 2015. That violates the Final Rule because it would defer the extension request requirements for months after the deadline for *all* requests; Gulf’s request is no exception. Indeed, by December 17, Gulf must convey to the Department its retrofit-or-retirement decision for the two Smith units. Or else the Department must deny Gulf’s request for being incomplete and failing to show that an extension is necessary—or even feasible—to install within the extension period the air, land, and water control equipment that Gulf anticipates may be necessary for MATS compliance.<sup>11</sup> Gulf’s already late retrofit-or-retire decision hinders the Department’s identifying and obtaining any additional information it needs to consider Gulf’s extension request, such as an authoritative, third-party source (or sources) on how soon the two Smith units can be retired without a serious risk to electric reliability.<sup>12</sup>

Similarly, the Department cannot grant an extension for Plant Crist until Gulf reconciles earlier testimony filed with the Florida Public Service Commission

<sup>2</sup> See Final Rule *supra* n. 1 at 9409-10 (discussing various retrofit and retirement scenarios).

<sup>3</sup> See 40 C.F.R. §§ 63.6(i)(4)(i) (one-year extension), (ii) (two-year extension).

<sup>4</sup> 40 C.F.R. § 63.6(i)(4)(ii) (2-year extension request deadline is “90 calendar days after the effective date of the relevant standard,” or July 15, 2012).

<sup>5</sup> 40 C.F.R. § 63.6(i)(4)(i)(B) (1-year extension request deadline is “120 days prior to the affected source’s compliance date,” or December 17, 2014).

<sup>6</sup> Final Rule *supra* n. 1 at 9409-10 (extensions may be appropriate to allow for the completion of necessary transmission upgrades, like emissions controls).

<sup>7</sup> See 42 U.S.C. § 7412(i)(3)(B); see also 40 C.F.R. § 63.6(i)(6)(i)(A) (referencing statutory standard limiting one-year extensions to where they are “necessary for the installation of controls.”).

<sup>8</sup> 40 C.F.R. § 63.6(i)(6)(i)(B).

<sup>9</sup> 40 C.F.R. § 63.6(i)(9).

<sup>10</sup> Gulf Power Company Letter of Nov. 6, 2014, at 2 (“Response to RAI”).

<sup>11</sup> Gulf Power, Environmental Compliance Program Update for Clean Air Interstate Rule, National Ambient Air Quality Standards, Mercury and Air Toxics Standards, Clean Air Visibility Rule (Apr. 2013) *revised* (Sept. 24, 2013) at 5, *available at* <http://www.psc.state.fl.us/library/FILINGS/13/06738-13/06738-13.pdf> (last visited Nov. 14, 2014) (“Compliance Update for Air Rules”).

<sup>12</sup> Final Rule *supra* n. 11 at 9410 [emphasis added].

(“Commission” or “FPSC”) stating that the “Plant Crist Transmission Upgrades” will involve some “remaining projects being placed in-service by 2018,”<sup>13</sup> well past the potential one-year extension period.

**I. MATS compliance extensions for up-to one year are only available in limited circumstances where they (A) are necessary for installing emissions controls and/or transmission upgrades that avoid a serious risk to electric reliability, and (B) include compliance schedules with dates by which each step towards compliance will be reached within the extension period.**

The Clean Air Act requires that covered sources of toxic air pollution comply “as expeditiously as practicable, but in no event later than 3 years after the effective date” of applicable standards promulgated by the U.S. Environmental Protection Agency (“EPA”).<sup>14</sup> Although a compliance extension of up to one year may be available in limited circumstances,<sup>15</sup> extensions are disfavored. The Act states that a one-year extension is only available “if . . . necessary for the installation of controls.”<sup>16</sup> Notably, toxic air pollution reductions are much delayed already. Congress ordered EPA to investigate air toxics in 1990.<sup>17</sup> *Twenty-two years later*, in 2012, EPA issued standards—MATS—for coal- and oil-burning power plants because they are a dominant source of toxic air pollution.<sup>18</sup> EPA gave power plant owners/operators *three more years* to retire or retrofit covered units, as needed, for MATS compliance by the deadline, April 16, 2015.

Further delays are disfavored for good reason—timely compliance leads to vital health benefits whereas delay leads to preventable harms.<sup>19</sup> For example, uncontrolled releases of mercury from coal-burning power plants can damage children’s developing nervous systems, reducing their ability to think and learn.<sup>20</sup> Releases of other toxic air pollutants from these plants can cause a range of dangerous health problems in adults, from cancer to respiratory illnesses.<sup>21</sup> Such harms are preventable because toxic air pollution can be controlled through widely available, proven control technologies.<sup>22</sup>

<sup>13</sup> Gulf Power Company, Direct Testimony and Exhibits of James O. Vick (Apr. 2013) (FPSC Document No. 06738-13) *available at* <http://www.psc.state.fl.us/library/FILINGS/13/06738-13/06738-13.pdf> (last visited Nov. 14, 2014) (“Direct Testimony”).

<sup>14</sup> 42 U.S.C. § 7412(i)(3).

<sup>15</sup> *See id.*

<sup>16</sup> 42 U.S.C. § 7412(i)(3)(B).

<sup>17</sup> 42 U.S.C. § 7412(n)(1).

<sup>18</sup> *See* 77 Fed. Reg. 9,304 (Feb. 16, 2012) (codified at 40 C.F.R. §§ 60, 63) (“Final Rule”).

<sup>19</sup> U.S. Environmental Protection Agency, “Fact Sheet: Mercury and Air Toxics Standards, Benefits and Costs of Cleaning Up Toxic Air Pollution from Power Plants, *available at* <http://www.epa.gov/mats/pdfs/20111221MATSimpactsfs.pdf> (last visited Nov. 14, 2014) (“MATS Benefits, Costs Fact Sheet”).

<sup>20</sup> *See id.*

<sup>21</sup> *See id.*

<sup>22</sup> *See* U.S. Environmental Protection Agency, “Fact Sheet: Mercury Air Toxics Standard, Clean Air and Reliability,” *available at* <http://www.epa.gov/mats/pdfs/20111221MATScleanair-reliableelectricity.pdf> (last visited Nov. 14, 2014) (“MATS Reliability Fact Sheet”); *see also* MATS Rule

Given the preventable health impacts of toxic air pollution, EPA provides guidance to power plant owners/operators and state authorities on the limited circumstances where MATS compliance extensions may be appropriate. First, all extension requests for up to one year must be submitted by December 17, 2014, including a “description of the controls to be installed to comply” with MATS,<sup>23</sup> and a compliance schedule with “dates by which each step towards compliance will be reached,” within the extension period.<sup>24</sup> Next, the relevant state authority must satisfy itself that the requested extension is in fact “necessary” for the installation of emission controls,<sup>25</sup> or “necessary” for transmission upgrades.<sup>26</sup> For covered units that are committed to retirement without onsite replacement, EPA advises state authorities to require owner(s)/operator(s) to “provide information, including, for example, from the RTO or other planning authority for the relevant region, the state electric regulatory agency, NERC or its regional entities, and/or FERC or the DOE, demonstrating that retirement of a particular unit within the 3-year compliance period would result in a serious risk to electric reliability.”<sup>27</sup> Finally, out of five mandates<sup>28</sup> for state authorities issuing extensions, two are key—(1) “specify dates by which steps towards compliance are to be taken,”<sup>29</sup> and (2) “specify any additional conditions that [the state authority] deems necessary to assure installation of the necessary controls and protection of the health of person during the extension period.”<sup>30</sup>

**II. The Department should require Gulf to complete its extension request by the December 17 deadline because to date Gulf has failed to specify emissions controls and/or transmission upgrades that make an extension necessary, and failed to provide dates by which each step towards Plants Smith and Crist’s MATS compliance will be reached within the extension period.**

For both Plants Smith and Crist, Gulf has failed to specify the emission controls and/or transmission upgrades that make an extension necessary. Gulf has also failed to provide a complete compliance schedule for installing such controls and upgrades, with dates by which each step towards compliance will be reached within the extension period. As noted above, to the Department’s credit, it requested additional information. However, Gulf’s response still does not meet the requirements for an extension request. As discussed below, the Department should require Gulf to complete its extension request for both plants no later than the December 17 deadline.

**A. Plant Smith**

---

at 9418 (citing support for the availability and performance of technologies to meet the requirements of the Final Rule in its preamble, RIA, and feasibility TSD).

<sup>23</sup> 40 C.F.R. § 63.6(i)(6)(i)(A).

<sup>24</sup> 40 C.F.R. § 63.6(i)(6)(i)(B).

<sup>25</sup> See 42 U.S.C. § 7412(i)(3)(B); see also 40 C.F.R. § 63.6(i)(4)(i)(A).

<sup>26</sup> Final Rule *supra* n. 1 at 9410.

<sup>27</sup> *Id.*

<sup>28</sup> 40 C.F.R. §§ 63.6(i)(10)(i)–(v).

<sup>29</sup> 40 C.F.R. § 63.6(i)(10)(iii).

<sup>30</sup> 40 C.F.R. § 63.6(i)(10)(v)(A).

Gulf's plan to finish planning for Plant Smith Units 1 and 2's MATS compliance *after* the December 17 extension request deadline is unlawful under the Clean Air Act and the Final Rule. The deadline is indisputably the cutoff for compliance planning—nothing in the Act or the Final Rule supports power plant owners/operators unilaterally deferring their retrofit-or-retirement decisions to mere days before the compliance deadline and requesting a compliance extension to do so. In fact, the Final Rule states “companies will need to develop this information *early in the process*” and “a determination can *easily* be made as to whether the schedule [for a retrofit or retirement] will exceed 3 years.”<sup>31</sup>

Gulf, however, keeps delaying its retrofit-or-retire decision for the two Smith units for no apparent reason other than to gain “more certainty surrounding future environmental regulations such as [Clean Water Act Section] 316(b), CCB [coal combustion byproducts], and effluent guidelines.”<sup>32,33</sup> This is not a valid basis for a compliance extension under the Clean Air Act or the Final Rule—for good reason: Statewide MATS implementation will prevent up to 730 premature deaths and create up to \$6 billion in health benefits each year, starting in 2016.<sup>34</sup> That is, Gulf's proposed one-year compliance extension may lead to preventable heart and asthma attacks, and delay health protections for the most vulnerable Floridians, such as children and the elderly.<sup>35</sup>

Therefore, it is both unlawful and unwise for Gulf to defer its retrofit-or-retire decision to as late as the “end of the first quarter of 2015,” mere days before the compliance deadline. More specifically, Gulf's proposal to blow past the extension request deadline and use up almost the entire compliance period for a determination that can be “easily” made and was supposed to occur “early in the process,” undercuts any argument that an extension is “necessary for the installation of controls.” The Department should not allow Gulf to use its unduly delayed retrofit-or-retirement decision as an excuse for not meeting the MATS compliance deadline—and deferring the associated, vital health benefits.

Gulf's response to the Department's request for additional information also raises more questions than it answers. There, Gulf states that after a full-year compliance extension, “Plant Smith Units 1 and 2 will be taken off-line and will remain off-line unless and until additional emission controls and CEMS that would allow compliance with MATS are installed and operational.”<sup>36</sup> That is, Gulf would rather achieve compliance through a retrofit later, by an indefinite date *after* the one-year extension period. This is inconsistent with the plain language of the Final Rule, and would make a mockery of its requirement for

---

<sup>31</sup> Final Rule *supra* n. 1 at 9410 [emphasis added].

<sup>32</sup> Compliance Update for Air Rules *supra* n. 14 at 22.

<sup>33</sup> To be sure, prudent resource planning requires a thorough investigation of the rules applicable to the two Smith units, as well as alternate sources of power. As discussed in Section 3, below, the transmission upgrades for Plants Smith and Crist “allow[] for the efficient import of power from outside sources of generation.” Gulf Power Company, Letter of June 28, 2014, at 2 (“Initial Request”).

<sup>34</sup> U.S. Environmental Protection Agency, “Mercury and Air Toxics Standards in Florida,” *available at* <http://www.epa.gov/mats/whereyoulive/fl.html> (last visited Nov. 14, 2014).

<sup>35</sup> *Id.*

<sup>36</sup> Response to RAI *supra* n. 10 at 2.

extension requests to include a compliance schedule with “dates by which each step towards compliance will be reached” within the extension period.

Further, no evidence suggests that the emissions controls for the two Smith units’ MATS compliance could be installed within one year (by April 16, 2016) if an extension were granted. Based on Gulf’s earlier filings with the Commission, indeed, several types of controls may be necessary to achieve compliance at Plant Smith.<sup>37</sup> In Gulf’s words, these controls “could potentially include air pollution equipment as well as land and water controls needed due to anticipated effects the injection additives may have on compliance with current land- and water-based environmental rules.”<sup>38</sup> But Gulf is yet to specify (1) the air, land, and water controls needed for Plant Smith’s MATS compliance, let alone an extension, and (2) when such controls can be operational so that MATS compliance can be verified within the one-year extension period, by April 16, 2016.

Moreover, Gulf has failed to show that an extension is even necessary if Gulf decides to retire the two Smith units. As discussed above, under MATS, when such units are committed to retirement without onsite replacement, the Department should obtain authoritative information from a third-party “demonstrating that retirement of a particular unit within the 3-year compliance period would result in a *serious risk to electric reliability*.”<sup>39</sup> The November 23, 2013, Settlement Agreement on Gulf’s Environmental Compliance Program is not enough, because there Gulf “sought the FPSC’s approval of the transmission components of Gulf’s MATS compliance plan.”<sup>40</sup> And Gulf specifically reserved its retrofit-or-retirement decision for Plant Smith Units 1 and 2.<sup>41</sup> Therefore, it was impossible for the Commission and other parties to FPSC Docket Nos. 130092-EI and 130401-EI to evaluate whether the continued operation of each of those units, respectively, for some or all of the period between April 16, 2015, and April 16, 2016, is necessary to avoid a serious risk to electric reliability.

Gulf can certainly do better. Other Southern Company subsidiaries such as Georgia Power Company,<sup>42</sup> for example, have specified the emissions controls and/or transmission upgrades needed for MATS compliance for more than a dozen coal-burning units. Further, Georgia Power has gained compliance extensions when necessary—more than a year ago—*after* providing complete extension requests to the relevant Georgia authority.<sup>43</sup> And that authority required documentation of Georgia Power’s transmission plans, including information from a third-party that an extension is necessary to avoid a serious risk to

<sup>37</sup> Compliance Update for Air Rules *supra* n. 14 at 22.

<sup>38</sup> *Id.*

<sup>39</sup> Final Rule *supra* n. 11 at 9410 [emphasis added].

<sup>40</sup> Initial Request *supra* n. 3 at 2.

<sup>41</sup> Gulf Power Company, Rebuttal Testimony and Exhibits of Witness Jeffrey A Burleson (Nov. 2013) (FPSC Document No. 06783-13) at 2 (“The purpose of my testimony is to show ... that (a) Gulf analyzed, and *continues to analyze*, the possible early retirement of Plant Smith Units 1 and 2 as a MATS compliance option.” [emphasis added]) (“Rebuttal Testimony”).

<sup>42</sup> Georgia Power Company, Environmental Compliance Strategy Update for 2014 (Aug. 2014) (specifying existing/planned controls for more than a dozen coal-burning units to comply with MATS) (enclosed as Exhibit 1).

<sup>43</sup> *See, e.g.*, Georgia Environmental Protection Division Letter of Sept. 10, 2013 (granting extension for Georgia Power Company’s Plant Kraft Units 1–4) (enclosed as Exhibit 2).

electric reliability.<sup>44</sup> Indeed, this is required for *all* MATS extension requests; Gulf's request is no exception; and its sister subsidiaries suggest that Gulf has the capacity to get this right.

For all the foregoing reasons, the Department should require Gulf to complete its extension request promptly, and no later than the December 17 deadline. To be complete, at a minimum, the request must: (1) convey Gulf's retrofit-or-retirement decision, (2) specify the emissions controls and/or transmission upgrades that are necessary for an extension, and (3) specify the dates by which each steps of installing such controls and/or upgrades will be completed within the extension period. If Gulf opts to retire the two Smith units and still pursue an extension, by December 17 it should also provide the Department with information from an authoritative, third-party demonstrating that retirement of either or both units within the 3-year compliance period would result in a serious risk to electric reliability.

### **B. Plant Crist**

Gulf's extension request for the four Crist units (nos. 4–7) is also incomplete because it lacks a compliance schedule with the dates by which each step towards compliance—here transmission upgrades—will be reached within the extension period, as required by the Final Rule. More specifically, schedules that Gulf has submitted to the Commission and the Department appear to be inconsistent and need to be reconciled. In attachment A to Gulf's initial MATS extension request for the four Crist units, the Company lists "target completion dates" through April 2016 for its "MATS Related Transmission Project," but it is unclear which items/dates relate to Plant Crist versus Plant Smith.<sup>45</sup> Compare Gulf's testimony last November before the Commission that "Plant Crist Transmission Upgrades" would take much longer: "initial transmission upgrades are currently projected to be completed by April 2016 with the remaining projects being placed in-service by 2018."<sup>46</sup> Gulf must clarify: (1) what are "initial transmission upgrades" versus "remaining projects," (2) which of these are necessary for Plant Crist to comply with MATS, and (3) dates by which each step towards the completion of the necessary upgrades will be reached within the extension period, and no later than April 16, 2016.

Therefore, similar to Plant Smith, by no later than the December 17 deadline, the Department should require Gulf to complete its extension request for Plant Crist including, at a minimum, the three categories of information listed immediately above.

### **III. The Department should condition any MATS compliance extension at a minimum, on two criteria—(1) modifications to the plants' operating permits and certificates to minimize their toxic air emissions during the extension period, and (2) Gulf's commitment to retire Plant Smith Units 1 and 2 by April 16, 2016, at the latest.**

<sup>44</sup> See, e.g., Georgia Environmental Protection Division, Kraft Steam - Electric Generating Plant, TV-22196, Minor Modification (citing NERC registered Planning Authority's analysis of transmission upgrades/reliability issues as support for MATS compliance extension).

<sup>45</sup> Initial Request *supra* n. 3.

<sup>46</sup> Direct Testimony *supra* n. 7 at 2.

Once the Department receives a complete extension request for Plants Crist and Smith, the Department should fast-track its determination (to prevent delay) and include conditions that it “deems necessary to assure installation of the necessary controls and protection of the health of person during the extension period,”<sup>47</sup> as required by the Final Rule, and discussed above in Section 1. Doing so is consistent with the Department’s responsibilities under the Florida Power Plant Siting Act, and should be effectuated through modifications to both plants’ operating permits and (automatically) their certificates.<sup>48</sup>

Further, the Department should condition any extension of Plant Smith on the retirement of Units 1 and 2 by April 16, 2016, if not sooner. While retrofitting this plant through a combination of air, water, and land controls may have been an option in the past, as discussed above in Section 2, it no longer is absent a showing to the contrary by the December 17 extension request deadline. More specifically, if Gulf opts to retrofit, then by the December 17 Gulf must provide the Department the compliance schedule for the two Smith units with dates by which each and every step towards the installation of the *necessary* controls will be reached within the extension period.

However, the two Smith units are unlikely candidates for a retrofit-based extension for any number of reasons, starting with Gulf’s admission that after April 16, 2016, operation of these units—and by extension a MATS compliance retrofit for them—is *unnecessary*. As Gulf put it, “[a]t the end of the extension period, April 15, 2016, Plant Smith Units 1 and 2 will be *taken off-line and will remain off-line* unless and until additional emission controls and CEMS that would allow compliance with MATS are installed and operational.”<sup>49</sup> Plainly the two Smith units are not needed after April 16, 2016. Also, as discussed above in Section 2, Gulf cannot cite any authority for the installation of controls *after* a MATS extension. And nothing in the record suggests that the yet-to-be-identified suite of air, land, and water controls can be procured, permitted, installed, and verified within the extension period. Thus, the retrofit option appears to be moot.

Therefore, the relevant question is how soon Gulf can retire the two Smith units. To decide this question—and the appropriate length of any extension for these units—the Department should require Gulf to provide authoritative information from a third-party, such as a NERC-registered Planning Authority, as EPA advised in the Final Rule, discussed above in Section 1. Gulf’s citation to the November 23, 2013, Settlement Agreement on Gulf’s Environmental Compliance Program is misplaced, as noted above. The Agreement does not resolve whether the retirement of the two Smith units by the MATS compliance deadline, April 16, 2015, or sometime before the maximum, one-year extension period ends on April 16, 2016, will lead to a “serious risk to electric reliability” and, thus, warrants a full year extension. The Department should require Gulf to provide the missing information from an authoritative third-party or parties.

---

<sup>47</sup> 40 C.F.R. § 63.6.

<sup>48</sup> See Section 403.511(5), Florida Statutes (F.S.) (“An electrical power plant certified pursuant to this act shall comply with rules adopted by the department subsequent to the issuance of the certification which prescribe new or stricter criteria, to the extent that the rules are applicable to electrical power plants.”) see also Section 403.516, F.S., and Rule 62-17.211, Florida Administrative Code (governing certificate modifications).

<sup>49</sup> Response to RAI, *supra* n. 10 at 2 [emphasis added].



Further, the Department should not hesitate to condition any MATS compliance extension on Gulf committing to retire the two Smith units; Gulf already anticipated their retirement in its transmission planning. In fact, when seeking the Commission's approval of its transmission upgrades, Gulf testified that it "continues to analyze[] the possible *early* retirement of Plant Smith Units 1 and 2 as a MATS compliance option," and the upgrades associated with the two units are "necessary for cost-effective compliance with the EPA MATS rule and its short compliance window."<sup>50</sup> With transmission upgrades, it appears Gulf may be able to retire the two Smith units *early*, and possibly even before the MATS compliance deadline, April 16, 2015. Further, upgrades "allow[] for the efficient import of power from outside sources of generation."<sup>51</sup>

Indeed, retiring the two Smith units will leave Gulf's customers with abundant, low-cost, low-risk alternate sources of power, such as energy efficiency, solar, and wind. As detailed in Sierra Club's filings with the Commission, and enclosed here for the Department's reference,<sup>52</sup> saving energy through efficiency measures is the fastest, safest, and cheapest way to meet electricity demand statewide; Gulf's system is no exception. Further, from neighboring Georgia Power's system, for example, Gulf can access wind at a cost that is an "extraordinary advantage for ratepayers," coming in below avoided energy cost projections for that company, which is likely similar to its sister subsidiary, Gulf.<sup>53</sup> Gulf can access even more cheap wind power at approximately 4.8 cents per kilowatt-hour, according to developers of the Plains & Eastern Clean Line.<sup>54</sup> Similarly, solar power is a bargain nationwide, and Florida is the least expensive market to invest in solar according to the U.S. Department of Energy's latest cost study.<sup>55</sup> To ensure customers' access to this cost-effective power source, Gulf has the option to build cost-effective solar and/or procure it from neighboring Georgia Power's system, which will have 900 megawatts of solar generation online by 2016.<sup>56</sup>

In conclusion, Sierra Club urges the Department to require Gulf to complete its extension request promptly, and no later than the December 17 deadline. Also, consistent with the Final Rule and the Florida Power Plant Siting Act, once Gulf's extension is

---

<sup>50</sup> Rebuttal Testimony, *supra* n. 39 at 3 [emphasis added]; *see also* Compliance Update for Air Rules *supra* n. 14 at 26 ("The same transmission upgrades are required if [the two Smith] units retire as a result of MATS.").

<sup>51</sup> Initial Request *supra* n. 34 at 2.

<sup>52</sup> *See* Sierra Club Letters of July 2012 and July 2013 (citing industry trends favoring increased investments in saving energy through efficiency as opposed to new or existing, conventional power plants) (enclosed as Exhibits 3, 4); *see also* Sierra Club, Post-Hearing Brief and Statement of Positions (Sept. 2014) (FPSC Document No. 05550-14) at 16-17, *available at* <http://www.psc.state.fl.us/library/FILINGS/14/05550-14/05550-14.pdf> (last visited Nov. 14, 2014) (citing Gulf's admission that there is no impediment to quickly ramping up its energy saving services).

<sup>53</sup> Georgia Public Service Commission, Docket 37584, Document No. 150439, *available at* <http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=150439>.

<sup>54</sup> *See* Clean Line Energy Partner Presentation of Nov. 11, 2014 (enclosed as Exhibit 5).

<sup>55</sup> *See* U.S. Department of Energy, "Photovoltaic System Pricing Trends, Historical, Recent, and Near-Term Projections" (Sept. 2014) at 11, *available at* [11 http://www.nrel.gov/docs/fy14osti/62558.pdf](http://www.nrel.gov/docs/fy14osti/62558.pdf) (last visited Nov. 14, 2014).

<sup>56</sup> Christine Hall, *State nears goal of 1 gigawatt in solar energy*, Atlanta Bus. Chron., July 4-10, 2014, at 37A.

complete, the Department should impose, at a minimum, two conditions on any extension—(1) modifications to the plants’ operating permits and certificates by the MATS compliance deadline, April 16, 2015, to minimize the plants’ toxic air emissions, and (2) Gulf’s commitment to retire Plant Smith Units 1 and 2 by April 16, 2016, if not sooner. Sierra Club appreciates the Department’s attention to this matter. Should the Department wish to discuss this further, please contact me, Sierra Club’s attorney, by phone at 202-549-4595 or by email at [Diana.Csank@sierraclub.org](mailto:Diana.Csank@sierraclub.org).

Sincerely,

/s/

Diana Csank  
Associate Attorney  
Sierra Club  
50 F St. NW, 8th Floor  
Washington, DC 20001  
(202) 548-4595 (direct)  
[Diana.Csank@sierraclub.org](mailto:Diana.Csank@sierraclub.org)

Cc. Jeff Koerner, FDEP, [Jeff.Koerner@dep.state.fl.us](mailto:Jeff.Koerner@dep.state.fl.us)  
David Read, FDEP, [David.Read@dep.state.fl.us](mailto:David.Read@dep.state.fl.us)  
Phillip Ellis, FPSC, [Pellis@psc.state.fl.us](mailto:Pellis@psc.state.fl.us)  
Joseph McGlothlin, FOPC, [Mcglathlin.Joseph@leg.state.fl.us](mailto:Mcglathlin.Joseph@leg.state.fl.us)  
Beverly Banister, EPA Region 4, [Banister.Beverly@epa.gov](mailto:Banister.Beverly@epa.gov)  
Danny Orlando, EPA Region 4, [Orlando.Danny@epa.gov](mailto:Orlando.Danny@epa.gov)