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BUREAU OF AIR REGULATION

July 11, 2002

VIA FACSIMILE

Mr. Edward J. Svec
Florida Department of Environmental Protection
Bureau of Air Resources
Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

RE: Air Construction Permit Application

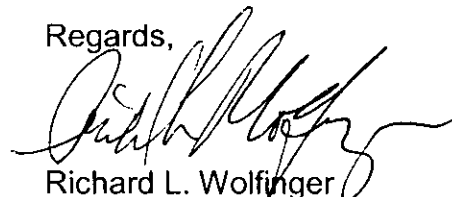
Dear Mr. Svec:

South Pond Energy Park, LLC ("South Pond") hereby withdraws its air construction permit application effective today, July 11, 2002. South Pond will refile sometime in the future using a more advanced model gas turbine, probably the GE 7FB which has a slightly different air emission profile.

South Pond appreciates the efforts of Florida DEP on the existing permit application.

Should you have any questions, please do not hesitate to call me at 410-468-1774.

Regards,



Richard L. Wolfinger
Vice President

Cc: Scott Sheplak – FDEP
Ken Kosky – Golder
Manitia Moultrie – Golder
Larry Curtin – Holland and Knight
Jeff McCormack, Attorney Constellation



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

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BUREAU OF AIR REGULATION

Mr. A. A. Linero, P.E.
Florida Department of Environmental Protection
Mail Station 5500
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Dear Mr. Linero:

Thank you for sending the preliminary determination and draft prevention of significant deterioration (PSD) permit for South Pond Energy Park (PSD-FL-306) dated October 12, 2001. The preliminary determination is for the proposed construction of two simple cycle combustion turbines (CTs) and one combustion turbine which can operate in both combined cycle and simple cycle mode. The total nominal generating capacity of the facility will be 600 MW, and the facility will be located in Hardee County, Florida. The combustion turbines proposed for the facility are General Electric frame 7FA units and will primarily combust natural gas with No. 2 fuel oil combusted as backup fuel. As proposed, the CTs operating in simple cycle mode will be allowed to operate up to 3,390 hours per year and fire fuel oil a maximum of 500 hours/year. The CT operating in combined cycle mode will be allowed to operate 8,760 hours per year and fire fuel oil a maximum of 720 hours/year. Total estimated net emissions increases from the proposed project are above the thresholds requiring PSD review for nitrogen oxides (NO_x), carbon monoxide (CO), sulfur dioxide (SO₂), particulate matter (PM/PM₁₀), and sulfuric acid mist.

Based on our review of the PSD permit application, preliminary determination and draft PSD permit, we have the following comments:

1. We understood the reason for South Pond proposing to configure only one of the combustion turbines as part of a combined cycle system (that is, to avoid the requirements of Florida's Power Plant Siting Act). But at the same time, we were concerned that South Pond might sequentially convert the simple cycle combustion turbines to combined cycle operation without going through the same level of control technology assessment that would have been required had combined cycle operation been proposed from the start. Therefore, we were pleased to see the permit condition requiring a revised CO and NO_x BACT analysis should South Pond propose to convert a simple cycle combustion turbine to combined cycle service and further requiring that this analysis be performed as though the turbine had never been built (thus precluding any "equity in the ground" advantage).

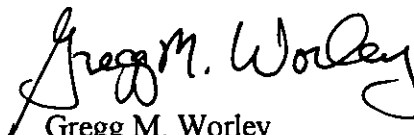
2. We understand Florida Department of Environmental Protection's (FDEP's) expectation that the turbines will typically operate with even lower CO emissions based on inherent combustor design and good combustion practices alone. However, please note that the use of catalytic oxidation for further control of combustion turbine CO emissions, especially for combined cycle combustion turbines, has become much more common as part of BACT determinations for combustion turbine projects. Catalytic oxidation has the added advantage of controlling volatile organic compound (VOC) emissions including volatile organic hazardous air pollutants.
3. We have the following comments concerning the startup and shutdown provisions of the permit package:
 - a. As we have often commented, startup and shutdown are part of normal combustion turbine operation and need to be addressed in PSD permits. FDEP has done so for this project by establishing a work practice standard and by limiting the number of hours of emissions that can be excluded from NO_x and CO compliance demonstrations for the combined cycle combustion turbine and from NO_x compliance demonstration for the simple cycle combustion turbines. Other permit options that could be considered include limitations on the number of startups and shutdowns in any 12-month period; mass emission limits for NO_x and CO emissions during any 24-hour period to include emissions during startup and shutdown; and future establishment of startup and shutdown BACT emission limits for NO_x and CO derived from test results during the first few months of commercial operation. In addition, compliance with any explicit or implicit annual emissions limits should be assessed with startup and shutdown emissions included. Regarding the option of mass emission limits, we acknowledge FDEP's comments that such limits may be difficult to quantify.
 - b. We understand that the draft PSD permit takes precedence over Appendix BD and that any items in Appendix BD that appear to be a requirement must be incorporated in the permit to be enforceable. The only definition of startup that we find is in Appendix BD of the package. Furthermore, the definition in Appendix BD denotes when startup commences but does not state the operating level or other characteristic marking the end of startup and the beginning of normal operation. We recommend that a more complete definition be developed so that the emission measurements eligible for exclusion under the excess emissions provisions can be confirmed easily. This definition should be included in the enforceable portion of the final PSD permit.
 - c. Condition 14c for the simple cycle combustion turbines exempts "no more than 2 hourly emission rate values" from the NO_x compliance demonstration as well as restricting the exemption to "no more than a total of 3 hourly emission rate values" in a calendar day. Since there is no time period associated with the 2-hour restriction, it could be concluded that no more than 2 hourly emission rate values can be exempted from compliance for the entire life of the unit. The time frame for the 2-hour

restriction should be clarified or the restriction should be removed from the final PSD permit. Additionally, to remain consistent with previous FDEP simple cycle combustion turbine permits, we recommend that instead of exempting a total of 3 hourly emission rate values, no more than 2 hours out of a 24-hour period (or calendar day) should be exempted from compliance demonstrations.

4. Section III, condition B7 contains a typographical error. This condition restricts operation of the simple cycle CTs to 3,390 hour/year when firing natural gas, but the limit of 500 hours per year should apply when firing fuel oil, not natural gas, as indicated in the draft PSD permit condition.

Thank you for the opportunity to comment on the South Pond Energy Park preliminary determination and draft PSD permit. If you have any questions regarding these comments, please direct them to either Katy Forney at 404-562-9130 or Jim Little at 404-562-9118.

Sincerely,



Gregg M. Worley
Chief
Air Permits Section

cc: E. Surr
C. Holladay
R. Wolfinger, South Pond Energy Park
D. Beatty, NPS
B. Thomas, SWD
K. Koshy, Guilder