



State of Florida  
DEPARTMENT OF ENVIRONMENTAL REGULATION

For Routing To Other Than The Addressee	
To _____	Location _____
To _____	Location _____
To _____	Location _____
From _____	Date _____

# Interoffice Memorandum

TO: Power Plant Siting Review Comm  
FROM: Steve Palmer *SP*  
DATE: March 11, 1991  
SUBJECT: A.B. Hopkins CFB Repowering Project  
Power Plant Siting Application  
PA 74-03A, Module No. 8042

*PSD-FL-172  
log in &  
set up site  
(PL) 3/11*

Enclosed please find a copy of the above referenced power plant siting application. Please let me know who from your respective areas will be reviewing this project. We must determine the completeness of the application by March 21, 1991. There will be a meeting to discuss the application at 1:30 p.m., on March 19, 1991, in Room 338-D.

cc: Howard L. Rhodes  
Mark Latch  
Rick Wilkins  
Barry Andrews  
Max Linn

~~11~~

~~15000~~

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY - REGION IV  
AIR, PESTICIDES AND TOXICS MANAGEMENT DIVISION  
345 Courtland Street, N.E.  
Atlanta, Georgia 30365  
Fax Number: FTS 257-5207 or (404) 347-5207

## FACSIMILE TRANSMISSION SHEET

DATE: 5-3-91NUMBER OF PAGES (including this sheet)  
(preparer must number all pages)

RECEIVED 5

MAY 24 1991

TO: Clair Fancay

PHONE: \_\_\_\_\_

Division of Air  
Resources ManagementADDRESS: FDERFAX NO. (404) 922-6979FROM: Gregg WorleyPHONE: 347-2904

If the following pages are received poorly, please call \_\_\_\_\_  
at FTS 257- 2904 or (404) 347- 2904

SPECIAL INSTRUCTIONS FOR RECEIVER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Copy to Clair/Buck/Gary  
Coord. As Necessary  
On Any Action Needed.

WHITE FILE COPY



## UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

## REGION IV

345 COURTLAND STREET, N.E.  
ATLANTA, GEORGIA 30365

4APT-AEB

MEMORANDUM

DATE: April 17, 1991

SUBJECT: City of Tallahassee Request for a Non-applicability  
Determination of PSD and NSPS Review to the Repowering of  
Hopkins Unit 2.FROM: Winston A. Smith, Director *Winston A. Smith*  
Air, Pesticides, and Toxics  
Management DivisionTO: John B. Rasnic, Acting Director  
Stationary Source Compliance Division (M3202)

Background: By letter dated April 12, 1991, you received a request from the City of Tallahassee to make a determination of non-applicability of PSD and NSPS to their repowering project pursuant to §415(b)(3) of the Clean Air Act of 1990. By letter dated March 11, 1991, the City of Tallahassee transmitted to EPA Region IV a copy of their Florida Site Certification Application for the repowering of Unit 2. The purpose of this memorandum is to provide you with several items of information which were not addressed in the letter to you, which we feel are pertinent to this case. In addition, we would like to point out the fact that Florida has a federally approved State Implementation Plan, including a PSD program; thus, we do not feel that it is appropriate for EPA to make a determination of PSD applicability pursuant to the CAA of 1990 prior to any regulatory changes in Florida.

Location of the Source: The Avraha Hopkins Energy Center is located approximately 1/2 mile north of a Class II National Forest, the Apalachicola National Forest. Perhaps more importantly, the source is located within a range of 25 to 50 kilometers from two Class I Areas: St. Marks National Wildlife Refuge and Bradwell Bay National Wilderness Area. We feel that it would be appropriate to obtain the input from the Federal Land Managers with responsibilities for each of these areas.

Emissions Estimates: The statutory language of §415(b)(3) of the 1990 CAAA has been interpreted by EPA to allow the increase (or decrease) in emissions due to "repowering" with a permanent clean-coal technology project to be calculated on a "potential-to-potential" basis. Utilizing this procedure, the City of Tallahassee has provided potential emissions estimates for pollutants emitted by Unit 2. This procedure has shown a decrease in potential emissions for several pollutants; however, the documentation to support the calculations of potential emissions for the existing Unit 2 was not provided in the letter to you or in the

-2-

Site Certification Application. We are unable to estimate past potential emissions without a copy of the previous permit for Unit 2 (e.g., with sulfur-in-fuel limits, hours of operation limits, etc.). In addition, the May 20, 1975, Site Certification clearly states that the capacity of the gas/oil fired Unit 2 is a nominal 238 MW rather than the 250 MW that is claimed as the generating capacity in the letter to you. We would suggest that before any concurrence with the applicability of the statutory exemptions is given, adequate documentation should be provided to support the applicant's claims for past potential emissions.

Clean Coal Technology: The CAAA of 1990 has provided regulatory incentives for clean coal technology projects. The apparent purpose of these incentives is to induce industry to utilize less polluting technologies for the combustion of coal at new sources and to allow industry to replace "dirtier" coal burning operations with cleaner coal burning technologies. The City of Tallahassee is claiming that the repowering of Unit 2 qualifies for the exemptions specified in §415(b)(3) of the Act, based on the definition of "repowering" contained in §402(12). Although the majority of the definition refers to the replacement of existing coal-fired boilers with new technology, the last sentence of the definition reads as follows:

Notwithstanding the provisions of section 409(a), for the purpose of this title, the term 'repowering' shall also include any oil and/or gas-fired unit which has been awarded clean-coal technology demonstration funding as of January 1, 1991, by the Department of Energy.

Clearly, the Hopkins Repowering Project has met the statutory deadline in regards to funding by DOE. What is not so clear is the regulatory intent of this definition. Does the statute intend to mean that an oil and/or gas-fired unit which meets funding requirements may be repowered utilizing any clean coal technology, or is the intent that a specific technology such as coal gasification should apply?

Assuming that the unit may be repowered with any technology, the potential emissions calculations are correct, and the source otherwise meets all of the requirements to qualify for the statutory exemptions of §415(b)(3) of the Act, the question must be raised as to who has authority to grant these exemptions. The answer is found in §415(b)(4) - "EPA Regulations"

Not later than 12 months after the date of enactment, the Administrator shall promulgate regulations or interpretive rulings to revise requirements under section 111 and parts C and D, as appropriate, to facilitate projects consistent in this

-3-

subsection. With respect to parts C and D, such regulations and rulings shall apply to all areas in which EPA is the permitting authority. In those instances where the State is the permitting authority under part C or D, any State may adopt and submit to the Administrator for approval revisions to its implementation plan to apply the regulations or rulings promulgated for this subsection. (emphasis added)

Clearly the Clean Air Act Amendments grant flexibility to the State to decide whether or not to grant such exemptions in cases where the State is the permitting authority. Such is the case in Florida where the Florida Department of Environmental Regulation is the permitting authority for implementing the provisions of part C and D.

The Administrator of EPA has retained authority over the section 111 program; thus, it would lie within the purview of EPA to grant an exemption from the federal requirements of section 111 pursuant to §415(b)(3) of the CAAA of 1990. In fact, it would appear that EPA is statutorily bound to grant such an exemption. The authority to grant an exemption from the part C requirements, however, clearly lies with the State of Florida.

In closing, we would like to point out that although the proposed circulating fluidized bed boiler fits the statutory definition of "clean coal technology," this will not be the first CFB project permitted in Florida. A recent permit was issued to AES/Cedar Bay for three CFB's, each rated at 1063 MMBTU/hr. The permit limits for each of the three boilers as compared to the proposed Hopkins Unit 2 limits are as follows.

	<u>Unit 2</u>	<u>AES/Cedar Bay</u>
rating	2414 MMBTU/hr	3 @ 1063 MMBTU/hr
SO <sub>2</sub>	0.76 lb/MMBTU	0.31 lb/MMBTU
NO <sub>x</sub>	0.28 lb/MMBTU	0.29 lb/MMBTU
PM	0.03 lb/MMBTU	0.02 lb/MMBTU

In addition, the recent Site Certification Application for Indiantown Cogeneration in Florida contained proposed emission limits of 0.17 lb/MMBTU for NO<sub>x</sub> and 0.17 lb/MMBTU for SO<sub>2</sub> for a pulverized coal (PC) boiler. Other PC boilers have been permitted within Region IV with SO<sub>2</sub> emission levels of 0.21 lb/MMBTU.

-4-

Recommendation: Although EPA clearly must exempt any source qualifying under §415(b)(3) of the Act from the federal requirements of section 111, we must caveat any determination of applicability of part C exemptions to the effect that such determination is only binding in areas where EPA is the permitting authority. In areas in which the state is the permitting authority, such as Florida, the Act grants the flexibility for the state to make the determination. This flexibility allows the State to evaluate the individual merits of a project (such as comparative levels of pollutant emissions) when making a determination whether or not to exempt the project from PSD review.

If you have questions or comments on this memorandum, please contact me or Mr. Gregg Worley of my staff at FTS 257-2904.