CALPINE

ISLAND CENTER
2701 N. ROCKY POINT
SUITE 1200
TAMPA, FLORIDA 33607
813.637.7300
813.637.7399 (FAX)

December 1, 2004

Mr. James Pennington
Florida Department of Environmental Protection
Division of Air Quality
2600 Blair Stone Road
Tallahassee, Florida 32399 - 2400
(850) 488-1344

Re: Osprey Energy Center
Auburndale, Polk County
PSD Number: PSD-FL-287
105U334-005-AC

The Osprey Energy Center (OEC) consists of two combined cycle combustion turbine generators nominally rated to produce 180 MW each. The combustion turbine generators are fueled exclusively with pipeline natural gas. These units use low-NOx combustors and selective catalytic reduction technology to control NOx emissions.

As we have discussed with you and with Mr. Mike Halpin in your office, OEC is considering requesting a change in the definition of normal operation from 60% to 100% of full load to include loads between 30% and 100% of full load. Normal operation will not include startup from 0 to 60% load. Therefore, the facility will achieve compliance with the permit limits at 60% load as it does now. If the unit is to be operated at low load (<60%), the load will then be decreased to below 60%, maintaining permit compliance over the operating period until unit shut down.

In order to provide operating data at this range and to provide the department with assurance that the units will be able to continue to operate in compliance with the conditions of our permit, OEC plans to conduct tests of the unit in this load range. OEC requests permission to conduct tuning of the units, which may result in excess emissions of NO_x and CO above the 24-hour average permit limits. OEC is also notifying the department of our intention to conduct emissions testing following the tuning to demonstrate compliance with the existing permit conditions at the new load levels. OEC plans to perform these activities for one of our two units, weather permitting, on December 11 and 12, 2004.

Following completion of the testing, OEC will apply to the department for a formal change in the permit conditions to allow for operation at low loads. In keeping with our conversations, OEC may, at that time, request a change in the form of the limits from a concentration based average to a mass based average. We will discuss that proposal with you in separate correspondence.

To accomplish the above project, OEC makes following 3 requests and notifications.

Variance Request 1:
On December 11, the facility will begin tuning the turbines to meet the new low load operating rates. The facility anticipates the tuning to take 1-2 days per unit and plans to tune only one unit at a time. The SCR will be kept in service to minimize NOx emissions during this process and

the new lowest possible load will be determined during this time frame. OEC requests a variance from the 24 hour permit limits for CO and NOx for a tuning period of 2 days for one unit.

There is an effective limit to the lowest stable load achievable for a given unit based on the ambient (inlet air) temperature. OEC anticipates that temperatures between 70 and 75 degrees Fahrenheit will result in an inability to reach the desired low loads. If the weather on December 11 and 12 does not allow operation in the desired load range (30 – 40% of the maximum load), OEC will plan to postpone the tuning and test, most likely to December 18 and 19, 2004. In this event, OEC will notify the agency of new proposed dates.

Notification of Emissions Testing

Emissions compliance testing will occur following the tuning of the turbine. Cubix Corporation has been contracted to complete the stack emissions testing. Testing will be done in accordance with the test methods used for the initial emissions tests performed in May 2004. The facility will test for NOx, CO, THC, and O2 at the lowest possible load determined during initial tuning.

Variance Request 2:

At the conclusion of tuning and emissions testing, OEC requests permission to begin operation for the tested unit over the demonstrated operating range while maintaining compliance with the terms of the existing PSD permit. This will require variance to condition 21 of the permit to broaden the definition of the non-base load condition from 60-70% load or with power augmentation or duct firing to include operation at all loads below 70%.

OEC appreciates your consideration of these requests. Please contact me if you wish to discuss or have further questions by telephone at (813) 637-7305 or via email at bborsch@calpine.com

Sincerely,

Benjamin M. H. Borsch, P.E.
Manager—Safety Health & Environment

CC: Robert Soich, FDEP Southwest District
Michael Halpin, FDEP Air Division, Tallahassee
William Sena, OEC (email)
Bob Callery, OEC (email)
Leonard Brenner, Cubix Corporation (email)