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BUREAU OF AIR REGULATION

January 30, 2009

Via Certified and Electronic Mail

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Jeffery F. Koerner, Administrator
New Source Review Section
Florida Department of Environment Protection
2600 Blair Stone Road
Tallahassee, FL 32399-2400
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RE: Seminole Generating Station
Project No. 1070025-011-AC (PSD-FL-375A)
PSD Permit Revisions and Recognition of Unit 3 as a Minor HAP Source

Dear Ms Vielhauer and Mr. Koerner,

The Sierra Club requests that the Florida Department of Environmental Protection require Seminole Electric Cooperative, Inc. ("Seminole") to submit additional information to supplement its PSD permit revision application to ensure that the Department and the public have sufficient information to properly analyze the hazardous air pollutant ("HAP") emissions of the proposed Unit 3.

On December 22, 2008, Seminole submitted an application to modify its original air construction permit for the proposed new Unit 3 at the existing Seminole Generating Station in Palatka, Florida. One of the purposes of the application is to recognize the Unit 3 project as a minor source of hazardous air pollutants.

The application contains proposed potential to emit provisions that are intended to enable the source to avoid "major source" status for HAPs and thereby avoid case-by-case MACT review, which would otherwise be required by 40 C.F.R. §§ 63.40-63.44. On January 16, 2009, Jeffrey F. Koerner, New Source Review Section Administrator for the Department, sent a letter to Seminole Electric Cooperative informing the company that its application was incomplete. The Department realized that the potential to emit is a critical factor in determining the applicability of major source permit requirements. To ensure that Seminole's projections of this critical factor are accurate, the agency requested additional information to help verify these projections.

The Sierra Club commends the Department for this request for additional information because it indicates that the agency is taking the steps necessary to ensure that potential to emit estimates are accurate and that actual emissions comply with these estimates. The Sierra Club suggests that the agency supplement its Request for Additional Information with the following items to ensure that Seminole's potential to emit and projected removal efficiency are accurately assessed:

1. The Department should require Seminole Electric Cooperative to submit vendor guarantee's for its estimated control efficiency. Seminole estimates that HCl emissions control will be 99.7% efficient. As the agency noted in its Request for Additional Information, if this projection is off by 0.1%, HCl emissions will be 11.6 tons per year and the project would qualify as a major HAP source. Because the estimated control efficiency is critical to determining whether this project is a major or minor source of HAP emissions, the agency should request that Seminole submit a vendor guarantee that emissions control of HCl will be 99.7% efficient.

2. The proffered 99.7% HCl removal efficiency is apparently based on tests at Duke's Marshall Station in North Carolina and another unidentified facility. Any actual test data used to establish the HCl control efficiency (and any other HAP control efficiency) should be provided to the Department.

3. For almost all of the organic HAP emission estimates, Seminole relied on EPRI Emission Factor Handbooks for estimate projections. EPRI Emission Factor Handbooks are not publicly available. The Department should require Seminole submit the EPRI Reports/Handbooks that support its claimed emission factors. This information is needed to ensure that the potential to emit figures are accurate.

4. Determining the chloride, fluoride, mercury and other organic HAPs content by weight in coal is a key factor in ensuring that potential to emit estimates are accurate. The Department should thus require Seminole to submit detailed coal quality data, and in particular Design Basis Coal Data. This data is needed in order to accurately develop a correlation between HAP content in the coal and actual HAP emissions.

5. The Department should require Seminole to include information regarding how emissions during periods of startup, shutdown, or malfunctions were considered in establishing the potential to emit HAP for Unit 3 because the MACT application does not currently discuss this factor. Specifically, if Seminole did not include periods of startup, shutdown or malfunctions, Seminole should explain how the source will comply with potential to emit limitations if such events occur in any 12-month period. Similar information was just requested by the U.S. Environmental Protection Agency from South Dakota Department of Environment and Natural Resources permit for the Big Stone power plant permit. *See* Letter from U.S. Environmental Protection Agency, Region 8 to South Dakota Department of Environment and Natural Resources (Jan. 22, 2009) (attached).

Thank you for your consideration of our request. If you have any questions regarding this matter, please feel free to contact me at 415-977-5725 or joanne.spalding@sierraclub.org.

Sincerely,

Joanne Spalding / SB

Joanne Spalding
Senior Attorney
Sierra Club

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ref: 8P-AR

Steven M. Pirner, P.E. Secretary
Department of Environment & Natural Resources
Joe Foss Building
523 East Capitol
Pierre, SD 57501-3182

Dear Mr. Pirner:

By this letter and enclosure, the U.S. Environmental Protection Agency (EPA) objects to the proposed Title V operating permit renewal for the Big Stone power plant (permit #28.0801-29, dated November 20, 2008), located in Big Stone City, South Dakota. The plant is owned and operated jointly by Montana-Dakota Utilities Company, Northwestern Energy, and Otter Tail Power Company. This permit is proposed by South Dakota's Board of Minerals and the Environment to be issued by the South Dakota Department of Environment and Natural Resources (DENR). Our office received the proposed permit package for review on December 8, 2008. The 45-day period for EPA review expires on January 22, 2009. This formal objection, based on our review of the proposed permit and supporting information, is issued under the authority of Title V of the Clean Air Act (Act), specifically under section 505(b) of the Act, 42 U.S.C. § 7661d(b), and 40 CFR 70.8(c).

Pursuant to 40 CFR 70.8(c)(1), the EPA will object to the issuance of any proposed Title V operating permit that EPA determines does not comply with applicable requirements of the Act or the operating permit program requirements of 40 CFR part 70. In accordance with 40 CFR 70.8(c)(1) and (4), and South Dakota rules at ARSD 74:36:05:21, when the EPA objects in writing to the issuance of a permit within 45 days of receipt of the proposed permit and all necessary supporting information, the State shall not issue the permit. If the State fails, within 90 days after the date of an objection by the EPA, to revise and submit a proposed permit in response to the objection, the EPA will issue or deny the permit in accordance with the requirements of the Federal program promulgated under Title V of the Act, 40 CFR part 71.

Pursuant to 40 CFR 70.8(c)(2), any EPA objection to a proposed permit shall include a statement of the EPA's reasons for objection and a description of the terms and conditions that the permit must include to respond to the objection. The EPA is objecting to this proposed permit for the following reasons:

Objection #1: Failure to include applicable requirements from PSD and NSPS: The proposed Title V renewal permit fails to comply with requirements of 40 CFR 70:6(a)(1) to include emission limitations and standards, including those operational requirements and limitations that assure compliance with all applicable requirements at the time of permit issuance, specifically:

- Applicable requirements of the final PSD permit for the Big Stone II project, issued on November 20, 2008.

- The PSD permit, in addition to setting BACT emission limits, also incorporates requirements from 40 CFR part 60, subpart Da, Clean Air Act Section 111. The proposed Title V renewal permit does not adequately incorporate these part 60 requirements (New Source Performance Standards).

Objection #2: Lack of proper PSD applicability analysis for SO_2 and NO_x: The proposed Title V renewal permit fails to comply with applicable Prevention of Significant Deterioration (PSD) State Implementation Plan requirements, specifically with regard to avoidance of PSD major modification review for sulfur dioxide (SO_2) and nitrogen oxide (NO_x) emissions associated with the Big Stone II project (Units #13, #14, #15, #25 and #33).

Objection #3: Inadequate compliance provisions: The proposed Title V renewal permit fails to comply with 40 CFR 70.6(c)(1), which requires Title V permits to include compliance certification, testing, monitoring, reporting and recordkeeping requirements sufficient to assure compliance with the terms and conditions of the permit. (Clean Air Act, Section 504(c)). The proposed Title V renewal permit also fails to comply with 40 CFR 70.6(a)(3)(i)(B), which requires Title V permits to include periodic monitoring sufficient to yield reliable data from the relevant time period that are representative of the source's compliance with the permit.

Specific permit conditions that fail to comply with §70.6(c)(1) are the following:

- Conditions 9.2 and 9.4, specifying plantwide emission limits for SO_2 and NO_x respectively, identified in the permit as a "PSD exemption," to enable the Big Stone II project to avoid PSD major modification review for SO_2 and NO_x. The conditions fail to specify adequate emission monitoring (e.g., monitoring locations and emission calculation methodologies) to assure compliance with these limits.