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Robert D Stribok
Vice President Risk Strategy

SONAT ENERGY SERVICES

January 25, 1999

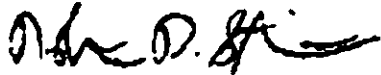
Mr. Elliot M. Loyless, P.E.
1901 Camp Florida Road
Brandon, FL 33510

Dear Mr. Loyless:

We have reviewed the prospects for delivering natural gas to Constellation Power Development's site in Brevard County, Florida beginning in 2001. Aside from events of force majeure associated with operations of the pipe itself, our analysis indicates that delivered gas should be available at the site virtually all of the time. While we view retaining back-up alternate fuel as being economically prudent, use of this alternate fuel can be minimized.

Please contact me if you have further questions.

Sincerely,



Robert D. Stribok

/ss

**Technical Review of Prevention of Significant Deterioration Permit Application
For the Construction of a 960 MW Power Production Facility
Oleander Power Project
Brevard County, Florida
PSD-FL-258**

by

**Air Quality Branch, Fish and Wildlife Service – Denver
December 18, 1998**

Oleander Power Project, L.P., (OP) proposes to construct a 960 MW power production facility, composed of five 190 MW General Electric 7Fa or Westinghouse 501F simple cycle gas/oil turbines. The facility would be located in Brevard County, Florida, 190 km east of Chassahowitzka Wilderness, a Class I area administered by the U.S. Fish and Wildlife Service (FWS). The potential for impacts from the project's emissions to Class I resources is low because of the distance and direction. However, FWS is interested in ensuring that emissions limits for new sources are set in a consistent manner and has therefore reviewed OP's proposed control technology for the project.

This project will result in PSD-significant increases in emissions of nitrogen oxides (NO_x), sulfur dioxide (SO₂), volatile organic compounds (VOC), particulate matter (PM-10), and carbon monoxide (CO). Emissions (in tons per year – TPY) are summarized below.

POLLUTANT	EMISSIONS INCREASE (TPY)
NO _x	1842
SO ₂	507
VOC	99
PM-10	251
CO	701

NO_x emissions would be controlled by Dry Low-NO_x (DLN) combustors when firing natural gas (to 9 parts per million - ppm) and water injection (to 42 ppm) when firing oil. SO₂ emissions would be controlled by use of low sulfur fuels (natural gas or 0.05% S oil). PM-10 emissions (about one-seventh of NO_x emissions) would be controlled by use of clean fuels and good combustion techniques.

Best Available Control Technology (BACT) Review

Selective catalytic reduction (SCR) was dismissed on the premise that it is not economically feasible for application to a simple cycle turbine as proposed by OP. Although we disagree with some of the cost calculations presented by OP, it is correct that a simple cycle turbine does result in much higher exhaust temperatures than the more efficient combined cycle system, and the high temperature catalysts required are typically twice as expensive as their lower temperature

counterparts. It is therefore likely that they would prove economically infeasible for this application.

We agree with OP that, for this project, DLN technology that reduces NO_x to 9 ppm represents BACT for natural gas firing. While we also agree that water injection represents BACT when firing oil, we believe that a lower NO_x limit is appropriate. For example, Permit FL-0080 issued by the Florida Department of Environmental Protection (FDEP) to Auburndale Power Partners (Auburndale) in 1992 limits NO_x from oil firing to 25 ppm. Texas-New Mexico Power (TX-NM) has also requested a 25 ppm NO_x limit for oil firing at its proposed Lordsburg, NM facility.

Conclusions and Recommendations

While we agree that the proposed 9 ppm NO_x limit represents BACT for a simple cycle turbine firing natural gas, we recommend that the NO_x limit for oil firing be set at or below 25 ppm as required by the Auburndale permit issued by FDEP and the proposed limits for TX-NM Power.

Contact: Ellen Porter, Air Quality Branch (303) 969-2617.



U.S. FISH & WILDLIFE SERVICE AIR QUALITY BRANCH

P.O. BOX 25287, Denver, CO 80225-0287

FACSIMILE COVER SHEET

Date: December 17, 1998

Telephone: (303) 969-2617

Fax: (303) 969-2822

To: Cleve Holladay/Al Linero

From: Ellen Porter

Subject: Oleander Power

Oleander Power (OP) is requesting a permit to construct and operate five 190 MW General Electric 7Fa or Westinghouse 501F simple cycle gas/oil turbines in Brevard County, Florida. The proposed project is located 190 km east of Chassahowitzka Wilderness, a Class I area administered by the U.S. Fish and Wildlife Service (FWS). The potential for impacts from the project's emissions to Class I resources is low because of the distance and direction. However, FWS is interested in ensuring that emissions limits for new sources are set in a consistent manner and has therefore reviewed OP's proposed control technology for the project.

Nitrogen oxides (NO_x) emissions would be controlled by Dry Low-NO_x (DLN) combustors when firing natural gas (to 9 ppm) and water injection (to 42 ppm) when firing oil. Sulfur dioxide (SO₂) emissions would be controlled by use of low sulfur fuels (natural gas or 0.05% S oil). Particulate matter (PM) emissions (about one-seventh of NO_x emissions) would be controlled by use of clean fuels and good combustion techniques.

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If you have questions, please call me at (303) 969-2617.

Number of Pages: 2
(Including this cover sheet)

Office Location: 7333 West Jefferson Ave, Suite 450, Lakewood, CO 80235

**Florida Gas Transmission Company**

P.O. Box 945200, Maitland, FL 32794-5200 (407) 875-5600

September 2, 1998

Via Facsimile - 813.689.969

Elliott Loyless, P. E.
1901 Camp Florida Rd.
Brandon, FL 33510

Dear Elliott,

The location that you requested information on in Brevard County is a fairly good location for the availability of alternate firm. From October 15 through May 15, more than 100,000 Mc/D would be available. From May 15 through October 15, 100,000 Mc/D would be available most of the time if mainline capacity were available. If the mainline capacity was not available on a day, the volume deliverable to the location could be zero.

There would be some risk in depending on alternate firm for an IPP project but, if conversion to distillate fuel were an alternative, then the location would be near Cape Canaveral where there is some distillate storage tanks. Again, though, FGT cannot predict the availability of alternate firm or interruptible in the future.

Let me know if I can be of further help.

Sincerely,



ROBERT P. CULLEN
Market Development