

Orlando Utilities Commission
500 South Orange Avenue
P.O. Box 3193
Orlando, Florida 32802
Phone: 407.423.9100
Administrative Fax: 407.236.9616
Purchasing Fax: 407.384.4141
Website: www.ouc.com



August 18, 2006

RECEIVED

AUG 21 2006

BUREAU OF AIR REGULATION

Ms. Trina Vielhauer
Bureau Chief, Air Regulation
Florida Dept. of Env. Protection
Tallahassee Office
2600 Blair Stone Rd., MS 5500
Tallahassee, FL 32399-2400

Dear Ms. Trina Vielhauer:

Nearly two years ago, the United States Department of Energy (DOE) selected the Orlando Utilities Commission, in partnership with Southern Company, to receive a \$235 million grant as part of the Department's Clean Coal Power Initiative. The grant would fund an advanced facility for converting coal into synthesis gas, which would then be used to generate power.

The advent of this future-generation clean coal technology in Central Florida is an exciting opportunity for both our community and our industry. The latest step in OUC's commitment to providing the cleanest, most environmentally advanced technology available, the planned Orlando Gasification Project (OGP) would be built at OUC's Stanton Energy Center in east Orange County.

As you may recall, the DOE hosted a public meeting in August of 2005 to obtain comments for use in preparing a Draft Environmental Impact Statement (DEIS) to assess the potential environmental impacts of constructing and operating the OGP. As a follow-up to that meeting, the DOE is hosting a public hearing to discuss the findings of the DEIS and invite comments on the DEIS.

You soon will be receiving a packet from the DOE with details concerning the upcoming public hearing, scheduled for Wednesday, Sept. 13 at 7 p.m. at Timber Creek High School. If you have questions about the project, please contact either Denise Stalls, OUC Vice President for Environmental Affairs, at 407.737.4236, or Richard Hargis, DOE National Energy Technology Laboratory, at 1-888-322-7436, x6065.

As this groundbreaking project moves forward, we appreciate your continued participation and support.

Sincerely,

A handwritten signature in black ink that reads "Ken Ksionek". The signature is written in a cursive, flowing style.

Ken Ksionek
General Manager & CEO



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

AUG 17 2006

RECEIVED

AUG 21 2006

4-APT-APB

BUREAU OF AIR REGULATION

Ms. Trina L. Vielhauer
Florida Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Dear Ms. Vielhauer:

Thank you for providing to the Region 4 office of the U.S. Environmental Protection Agency (EPA) a copy of the revised draft prevention of significant deterioration (PSD) permit package for the proposed integrated gasification combined cycle (IGCC) project at the Orlando Utilities Commission (OUC) Curtis S. Stanton Energy Center in Orange County, Florida. The draft permit package included a technical evaluation and preliminary determination (technical evaluation) dated June 16, 2006, and an addendum to the technical evaluation dated July 26, 2006.

The words "we," "our," and "us" in this letter refer to EPA's Region 4 office. Our comments on the draft permit package are provided below. Before going to these comments, we wish to commend the Florida Department of Environmental Protection (FDEP) for the thoroughness of the permit package and for the amount of research and assessment that went into the preparation of the package.

1. Permitting Process

FDEP issued an initial draft PSD permit for the project and commenced a 30-day public comment period. Based on comments received from the applicant (including comments made in three meetings with the applicant during the public comment period), FDEP decided to issue a revised draft permit with another 30-day public comment period. A possibly confusing part of this process is that the revised draft permit was accompanied by the same technical evaluation that supported the initial draft permit plus an addendum supporting the revised draft permit. In future when an initial draft permit is followed by a revised draft permit, we would prefer that FDEP issue a single revised technical evaluation to accompany the revised draft permit.

2. Carbon Monoxide Control Technology

- a. Condition III.A.9.c. of the revised draft permit contains a requirement that OUC install and operate an oxidation catalyst device for control of carbon monoxide (CO) emissions. After two years of operation, OUC is allowed "in its sole discretion" to

remove the catalyst at any time. We understand that this provision is based on concerns about the possible detrimental effects of oxidation catalyst operation. However, we do not understand why OUC should be allowed to remove the oxidation catalyst after two years of operation if the oxidation catalyst device is not causing significant physical harm or adverse environmental impacts. At a minimum we recommend that OUC be required to consult with FDEP and obtain approval prior to catalyst removal.

- b. On page 5 of the technical evaluation addendum, FDEP states that the "oxidation catalyst will be installed and maintained for a period of two years to reduce CO emissions to 4.1 ppmvd." We do not find a CO emissions limit in Condition III.A.16. of the revised draft permit that imposes a 4.1 ppmvd limit when the oxidation catalyst is in use (whether for the initial mandatory two years of oxidation catalyst operation or for a longer time if OUC elects to keep the oxidation catalyst in use beyond two years). The only 4.1 ppmvd limit we see is a limit that applies beginning with the tenth year of operation if total natural gas heat input to the combustion turbine exceeds 50 percent of the total heat input to the combustion turbine.

3. Nitrogen Oxides Limits

Condition III.A.15. contains a table with nitrogen oxides (NO_x) limits for PSD preconstruction review avoidance purposes. The table contains a limit for natural gas combustion and a limit for syngas combustion. No explanation is provided, however, as to when the combustion turbine system is in natural gas service and when it is in syngas service with respect to NO_x limits. Condition III.A.15.a. contains such an explanation, but this explanation is for purposes of meeting best available control technology (BACT) emissions limits. Since the NO_x limits are not BACT limits, we would interpret Condition III.A.15.a. as not being applicable to NO_x limits. A simple fix would be to broaden the first phrase of Condition III.A.15.a. to read as follows: "For purposes of meeting the BACT and PSD preconstruction review avoidance limits of this subsection."

4. Nitrogen Oxides Emissions Cap for Stanton Units 1 and 2

Condition III.A.24.a. of the revised draft permit contains a NO_x emissions cap for OUC Stanton Units 1 and 2. Since this cap appears in a permit for "Unit B Integrated Gasification Combined Cycle (EU 030)," we want to make sure that it will also appear in a permit specific to Stanton Units 1 and 2. We would expect that the title V operating permit for Stanton Units 1 and 2 will be revised to incorporate the cap.

5. Mercury, Sulfur, and Ammonia Control Systems

In Condition III.A.10. of the revised draft permit, FDEP requires that removal systems be operated for mercury, sulfur, and ammonia. We recommend that the types of removal systems be identified unless the types are not yet known with enough specificity.

6. Initial Startup of the Gasification Island

In Condition III.A.14. of the revised draft permit, FDEP states that "At no time, other than initial startup [of the gasification island], shall the exhaust gases be directed to the startup stack." Does this mean literally that exhaust gases can go to the startup stack only once in the entire lifetime of the gasification island, or does "initial startup" mean any startup after, say, a prolonged outage?

7. "Life of the Permit" Terminology

In Condition III.A.16.a. of the revised draft permit, FDEP uses the phrase "for the life of the permit." Since PSD construction permits do not expire, we suggest deleting this phrase.

8. Reference to Technical Evaluation in Appendix BD

In Appendix BD of the revised draft permit, FDEP makes reference to "the initial Technical Evaluation for this project." Should this be "the initial Technical Evaluation for this project including the Addendum dated July 26, 2006" or words to this effect?

If you have any questions concerning the comments in this letter, please call Jim Little at 404-562-9118.

Sincerely,

James W. Little, for

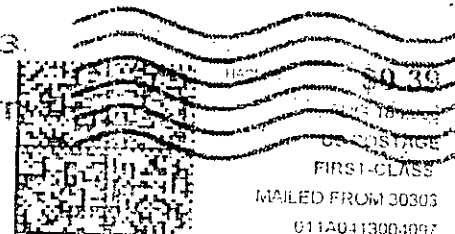
Gregg M. Worley
Chief
Air Permits Section

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

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

ATLANTA GA 303

18 AUG 2006 PM 1 T



Ms. Trina L. Vielhauer
Florida Dept of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399-2400