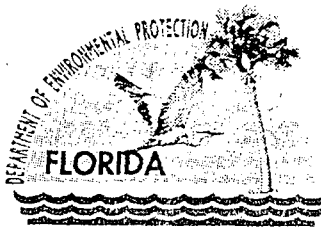


Barbara / File



Department of Environmental Protection

Jeb Bush
Governor

Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

David B. Struhs
Secretary

November 29, 2000

Mr. John J. O'Rourke
V.P. & Managing Director
Venture Management
El Paso Merchant Energy
P.O. Box 2511
Houston, Texas 77252-2511

Re: Acid Rain Phase II Permit Application
Shady Hills Generating Station; ORIS Code: 55414

Dear Mr. O'Rourke:

Thank you for your recent submission of the Acid Rain Phase II Permit Application and Certificate of Representation for the subject facility. We have reviewed the documents and deem your application complete.

Sincerely,

Scott M. Sheplak, P.E.
Administrator
Title V Section

cc: Jenny Jachim, EPA Region 4



November 21, 2000

Florida Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399
MS 5505

Attention: Mr. Scott Sheplak, P.E.

RE: Acid Rain Program, Phase II Permit Application
Shady Hills Power Company, L.L.C. – Shady Hills Generating Station

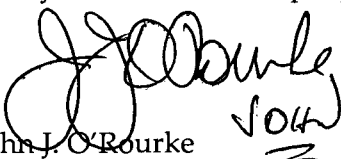
Dear Mr. Sheplak:

Please find attached a Phase II Permit Application for the Shady Hills Generating Station located in Pasco County, Florida that is owned and operated by the Shady Hills Power Company, L.L.C. With one exception, this certificate is submitted in accordance with the provisions of Title 40, Parts 72.30 and 72.31 of the Code of Federal Regulations applicable to facilities regulated by the Acid Rain Program. This exception is in regard to the date of submission described in the regulation as the later of 24 months prior to January 1, 2000 or 24 months prior to the unit commencing operation. Due to the short period of time before the anticipated start of operation for the facility (January 2002), Shady Hills Power Company, L.L.C. was unable to meet this deadline.

Also, please find attached a copy of the Certificate of Representation form as the original was sent to the US EPA.

If you have any questions concerning the attached information, please call me at the phone number provided.

Sincerely,
Shady Hills Power Company, L.L.C.


John J. O'Rourke
V. P. and Managing Director
Venture Management

Enclosures

Phase II Permit Application

For more information, see instructions and refer to 40 CFR 72.30 and 72.31 and Chapter 62-214, F.A.C.

This submission is: New Revised

STEP 1

Identify the source by plant name, State, and ORIS code from NADB

Plant Name Shady Hills Generating Station	State FL	ORIS Code 55414
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STEP 2 Enter the boiler ID# from NADB for each affected unit and indicate whether a repowering plan is being submitted for the unit by entering "yes" or "no" at column c. For new units, enter the requested information in columns d and e.

Compliance Plan				
a	b	c	d	e
Boiler ID#	Unit will hold allowances in accordance with 40 CFR 72.9(c)(1)	Repowering Plan	New Units Commence Operation Date	New Units Monitor Certification Deadline
GT 101	Yes		Jan 29, 2002	April 30, 2002
GT 201	Yes		Jan 29, 2002	April , 2002
GT 301	Yes		Mar 1, 2002	Jun 1, 2002

STEP 3

Check the box if the response in column c of Step 2 is "Yes for any unit

For each unit that will be repowered, the Repowering Extension Plan form is included and the Repowering Technology Petition form has been submitted or will be submitted by June 1, 1997.

Shady Hills Generating Station

Plant Name (from Step 1)

STEP 4
Read the standard requirements and certification, enter the name of the designated representative, and sign and date

Standard RequirementsPermit Requirements.

- (1) The designated representative of each Acid Rain source and each Acid Rain unit at the source shall:
 - (i) Submit a complete Acid Rain part application (including a compliance plan) under 40 CFR part 72, Rules 62-214.320 and 330, F.A.C. in accordance with the deadlines specified in Rule 62-214.320, F.A.C.; and
 - (ii) Submit in a timely manner any supplemental information that the permitting authority determines is necessary in order to review an Acid Rain part application and issue or deny an Acid Rain permit;
- (2) The owners and operators of each Acid Rain source and each Acid Rain unit at the source shall:
 - (i) Operate the unit in compliance with a complete Acid Rain part application or a superseding Acid Rain part issued by the permitting authority; and
 - (ii) Have an Acid Rain Part.

Monitoring Requirements.

- (1) The owners and operators and, to the extent applicable, designated representative of each Acid Rain source and each Acid Rain unit at the source shall comply with the monitoring requirements as provided in 40 CFR part 75, and Rule 62-214.420, F.A.C.
- (2) The emissions measurements recorded and reported in accordance with 40 CFR part 75 shall be used to determine compliance by the unit with the Acid Rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.
- (3) The requirements of 40 CFR part 75 shall not affect the responsibility of the owners and operators to monitor emissions of other pollutants or other emissions characteristics at the unit under other applicable requirements of the Act and other provisions of the operating permit for the source.

Sulfur Dioxide Requirements.

- (1) The owners and operators of each source and each Acid Rain unit at the source shall:
 - (i) Hold allowances, as of the allowance transfer deadline, in the unit's compliance subaccount (after deductions under 40 CFR 73.34(c)) not less than the total annual emissions of sulfur dioxide for the previous calendar year from the unit; and
 - (ii) Comply with the applicable Acid Rain emissions limitations for sulfur dioxide.
- (2) Each ton of sulfur dioxide emitted in excess of the Acid Rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Act.
- (3) An Acid Rain unit shall be subject to the requirements under paragraph (1) of the sulfur dioxide requirements as follows:
 - (i) Starting January 1, 2000, an Acid Rain unit under 40 CFR 72.6(a)(2); or
 - (ii) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR part 75, an Acid Rain unit under 40 CFR 72.6(a)(3).
- (4) Allowances shall be held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
- (5) An allowance shall not be deducted in order to comply with the requirements under paragraph (1)(i) of the sulfur dioxide requirements prior to the calendar year for which the allowance was allocated.
- (6) An allowance allocated by the Administrator under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the Acid Rain permit application, the Acid Rain permit, or the written exemption under 40 CFR 72.7 and 72.8 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
- (7) An allowance allocated by the Administrator under the Acid Rain Program does not constitute a property right.

Nitrogen Oxides Requirements. The owners and operators of the source and each Acid Rain unit at the source shall comply with the applicable Acid Rain emissions limitation for nitrogen oxides.

Excess Emissions Requirements.

- (1) The designated representative of an Acid Rain unit that has excess emissions in any calendar year shall submit a proposed offset plan, as required under 40 CFR part 77.
- (2) The owners and operators of an Acid Rain unit that has excess emissions in any calendar year shall:
 - (i) Pay without demand the penalty required, and pay upon demand the interest on that penalty, as required by 40 CFR part 77; and
 - (ii) Comply with the terms of an approved offset plan, as required by 40 CFR part 77.

Recordkeeping and Reporting Requirements.

- (1) Unless otherwise provided, the owners and operators of the source and each Acid Rain unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the Administrator or permitting authority:
 - (i) The certificate of representation for the designated representative for the source and each Acid Rain unit at the source and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with Rule 62-214.350, F.A.C.; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative;
 - (ii) All emissions monitoring information, in accordance with 40 CFR part 75;
 - (iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and,

Shady Hills Generating Station

Plant Name (from Step 1)

Recordkeeping and Reporting Requirements (cont)

(iv) Copies of all documents used to complete an Acid Rain part application and any other submission under the Acid Rain Program or to demonstrate compliance with the requirements of the Acid Rain Program.

(2) The designated representative of an Acid Rain source and each Acid Rain unit at the source shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR part 72 subpart I and 40 CFR part 75.

Liability

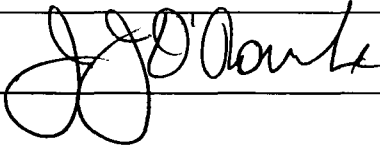
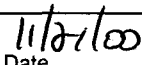
- (1) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, a complete Acid Rain part application, an Acid Rain part, or a written exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement pursuant to section 113(c) of the Act.
- (2) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to section 113(c) of the Act and 18 U.S.C. 1001.
- (3) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.
- (4) Each Acid Rain source and each Acid Rain unit shall meet the requirements of the Acid Rain Program.
- (5) Any provision of the Acid Rain Program that applies to an Acid Rain source (including a provision applicable to the designated representative of an Acid Rain source) shall also apply to the owners and operators of such source and of the Acid Rain units at the source.
- (6) Any provision of the Acid Rain Program that applies to an Acid Rain unit (including a provision applicable to the designated representative of an Acid Rain unit) shall also apply to the owners and operators of such unit. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR part 75 (including 40 CFR 75.16, 75.17, and 75.18), the owners and operators and the designated representative of one Acid Rain unit shall not be liable for any violation by any other Acid Rain unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.
- (7) Each violation of a provision of 40 CFR parts 72, 73, 75, 77, and 78 by an Acid Rain source or Acid Rain unit, or by an owner or operator or designated representative of such source or unit, shall be a separate violation of the Act.

Effect on Other Authorities. No provision of the Acid Rain Program, an Acid Rain part application, an Acid Rain part, or a written exemption under 40 CFR 72.7 or 72.8 shall be construed as:

- (1) Except as expressly provided in title IV of the Act, exempting or excluding the owners and operators and, to the extent applicable, the designated representative of an Acid Rain source or Acid Rain unit from compliance with any other provision of the Act, including the provisions of title I of the Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;
- (2) Limiting the number of allowances a unit can hold; *provided*, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Act;
- (3) Requiring a change of any kind in any State law regulating electric utility rates and charges, affecting any State law regarding such State regulation, or limiting such State regulation, including any prudence review requirements under such State law;
- (4) Modifying the Federal Power Act or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
- (5) Interfering with or impairing any program for competitive bidding for power supply in a State in which such program is established.

Certification

I am authorized to make this submission on behalf of the owners and operators of the Acid Rain source or Acid Rain units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name	Mr. John O'Rourke	
Signature		 Date

STEP 5 (optional)
Enter the source AIRS
FINDS identification

AIRS
FINDS

Acid Rain Program Instructions for Phase II Permit Application (40 CFR 72.30- 72.31 and Rule 62-214.320, F.A.C.)

The Acid Rain Program regulations require the designated representative to submit an Acid Rain part application for Phase II for each source with an Acid Rain unit. A complete Phase II part application is binding on the owners and operators of the Acid Rain source and is enforceable in the absence of a permit until the permitting authority either issues a permit with an Acid Rain part to the source or disapproves the application.

Please type or print. The alternate designated representative may sign in lieu of the designated representative. If assistance is needed, contact the permitting authority.

STEP 1 NADB is the National Allowance Data Base for the Acid Rain Program. To obtain the database on diskette, call the Acid Rain Hotline at (202) 233-9620. This data file is in dBase format for use on an IBM-compatible PC. It requires 2 megabytes of hard drive memory. If the unit is not listed in NADB, use the plant name, ORIS Code, and Boiler ID listed on the certificate of representation for the plant.

STEP 2 The monitor certification deadline is determined in accordance with 40 CFR 75.4. If the commence operation date or monitor certification date changes after the Phase II permit is issued, the source must submit a request for an administrative permit amendment.

STEP 5 "AIRS" is the Aerometric Information Retrieval System operated by EPA's Office of Air Quality Planning and Standards. The AIRS number for a source has 12 digits. "FINDS" is the Facility Indexing System. It provides an Agency-wide ID number to cross-identify facilities in all EPA data systems. Please enter these numbers if they are available; this step is optional.

Submission Instructions

For initial Phase II permit applications: If, by **November 15, 1995**, the State or local jurisdiction (*e.g.*, District, County, or City) in which the source is located has both (1) an acid rain program identified in a Federal Register notice as acceptable to the Administrator and (2) an operating permits program granted full or interim approval by the Administrator in a Federal Register notice, mail this form and three copies to that state or local authority. If not, mail this form and one copy to the EPA regional office and two copies to the State or local jurisdiction in which the source is located.

If you have questions regarding this form, contact your local, State, or EPA regional representative, or call EPA's Acid Rain Hotline at (202) 233-9620.



Certificate of Representation

For more information, see instructions and refer to 40 CFR 72.24

This submission is: New Revised (revised submissions must be completed in full; see instructions)

This submission includes combustion or process sources under 40 CFR part 74

STEP 1

Identify the source by plant name, State, and ORIS code.

Shady Hills Generating Station Plant Name	FL State	55414 ORIS Code
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STEP 2

Enter requested information for the designated representative.

Mr. John O'Rourke Name	
Address Shady Hills Power Company, L.L.C. 1001 Louisiana Street, Houston, TX 77002	
(713) 420-2933 Phone Number	(713) 420-5553 Fax Number
o'rourkej@epenergy.com E-mail address (if available)	

STEP 3

Enter requested information for the alternate designated representative, if applicable.

Mr. Jon C. Stroble Name	
(713) 420-2844 Phone Number	
(713) 420-2483 Fax Number	
stroblej@epenergy.com E-mail address (if available)	

STEP 4

Complete Step 5, read the certifications, and sign and date. For a designated representative of a combustion or process source under 40 CFR part 74, the references in the certifications to "affected units" also apply to the combustion or process source under 40 CFR part 74 and the references to "affected source" also apply to the source at which the combustion or process source is located.

I certify that I was selected as the designated representative or alternate designated representative, as applicable, by an agreement binding on the owners and operators of the affected source and each affected unit at the source.

I certify that I have given notice of the agreement, selecting me as the 'designated representative' for the affected source and each affected unit at the source identified in this Certificate of representation, in a newspaper of general circulation in the area where the source is located or in a State publication designed to give general public notice.

I certify that I have all necessary authority to carry out my duties and responsibilities under the Acid Rain Program on behalf of the owners and operators of the affected source and of each affected unit at the source and that each such owner and operator shall be fully bound by my actions, inactions, or submissions.

I certify that I shall abide by any fiduciary responsibilities imposed by the agreement by which I was selected as designated representative or alternate designated representative, as applicable.

I certify that the owners and operators of the affected source and of each affected unit at the source shall be bound by any order issued to me by the Administrator, the permitting authority, or a court regarding the source or unit.

Where there are multiple holders of a legal or equitable title to, or a leasehold interest in, an affected unit, or where a utility or industrial customer purchases power from an affected unit under life-of-the-unit, firm power contractual arrangements, I certify that:

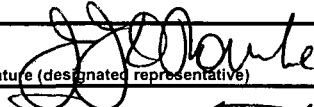

I have given a written notice of my selection as the designated representative or alternate designated representative, as applicable, and of the agreement by which I was selected to each owner and operator of the affected source and of each affected unit at the source; and

Allowances and the proceeds of transactions involving allowances will be deemed to be held or distributed in proportion to each holder's legal, equitable, leasehold, or contractual reservation or entitlement or, if such multiple holders have expressly provided for a different distribution of allowances by contract, that allowances and the proceeds of transactions involving allowances will be deemed to be held or distributed in accordance with the contract.

The agreement by which I was selected as the alternate designated representative, if applicable, includes a procedure for the owners and operators of the source and affected units at the source to authorize the alternate designated representative to act in lieu of the designated representative.

Shady Hills Generating Station
 Plant Name (from Step 1)

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

	11/21/00
Signature (designated representative)	Date
	11/21/00
Signature (alternate designated representative)	Date

STEP 5
 Provide the name of every owner and operator of the source and identify each affected unit (or combustion or process source) they own and/or operate.

Shady Hills Power Company, LLC					<input checked="" type="checkbox"/> Owner <input checked="" type="checkbox"/> Operator	
Name						
GT 101	GT 201	GT 301	ID#	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#

Name					<input type="checkbox"/> Owner <input type="checkbox"/> Operator	
ID#	ID#	ID#	ID#	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#

Name					<input type="checkbox"/> Owner <input type="checkbox"/> Operator	
ID#	ID#	ID#	ID#	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#

Name					<input type="checkbox"/> Owner <input type="checkbox"/> Operator	
ID#	ID#	ID#	ID#	ID#	ID#	ID#
ID#	ID#	ID#	ID#	ID#	ID#	ID#