Excellence Is Our Goal, Service Is Our Job

Ph. (813) 499-6600 FAX (813) 499-6688

November 10, 1994

VIA HAND DELIVERY

Clair H. Fancy, Chief Bureau of Air Regulation Division of Air Resources Management Department of Environmental Protection 2600 Blair Stone Road Tallahassee, FL 32399 RECEIVED

Bureau of Air Regulation

RE:

C.D. McIntosh Power Plant, Unit No. 3 Co-firing of Petroleum Coke

Dear Clair:

In an effort to reduce fuel costs without sacrificing compliance with applicable environmental standards, the City of Lakeland ("Lakeland") plans to seek authorization to co-fire petroleum coke with other fuels in Unit 3 at the C.D. McIntosh Power Plant. To avoid any misunderstanding about applicable regulatory requirements, Lakeland requests confirmation that the planned use of petroleum coke does not trigger application of Prevention of Significant Deterioration ("PSD") review or the New Source Performance Standards ("NSPS") in 40 C.F.R. 60, Subpart Da.

By way of background, Unit 3 is 364 MW steam electric generating unit designed and currently permitted to fire multiple fuels, including coal, municipal refuse, and oil. Because petroleum coke is transported, handled, and burned in the same manner as coal, its use in Unit 3 requires no changes or additions to the unit itself or to ancillary facilities at the McIntosh Plant. Additionally, as indicated in Attachment "A," the results of a recent test burn demonstrate that, when 20% petroleum coke is blended with coal (or coal and refuse) and burned in Unit No. 3, emissions of all regulated pollutants are below applicable emission limits for the burning of coal and coal/refuse. Based upon those results, the City will soon request minor amendments to the PSD permit and site certification to specifically authorize the co-firing of low sulfur coal with up to 20% petroleum coke based upon the unit's total heat input.

PSD:

While recognizing that the supplemental use of petroleum coke may require minor amendments to the current PSD permit and site certification for Unit 3, Lakeland has concluded that PSD review is not applicable. DEP regulations require PSD review and, potentially, imposition of BACT emission limits for "modifications" at existing sources which result in

Clair H. Fancy, Chief Bureau of Air Regulation November 10, 1994 Page 2

significant net emissions increases. Rule 62-212.200(46), F.A.C., defines "modification" as "[a]ny physical change in, change in the method of operation of, or addition to a stationary source or facility which increases the actual emissions of any air pollutant regulated" under various DEP rules. Although PSD review often applies to fuel "conversions" or "switches," such projects almost invariably involve physical or operational changes necessary to accommodate use of the alternative fuel. However, the mere use of a new supplemental fuel, by itself, does not constitute a physical or operational change and, therefore, does not constitute a "modification" subject to PSD review.

In the attached PSD applicability determination for Detroit Edison's oil-fired Greenwood Unit 1 (Attachment "B"), for example, EPA concluded that PSD review applied to the facility as whole because the proposed addition of natural gas firing capacity required installation of new fuel delivery equipment. In other words, "the changes necessary to accommodate the firing of natural gas at the Greenwood Plant would, for PSD purposes, be considered a 'physical change' to the source." Recognizing that BACT requirements apply only to those emission units which undergo both a physical or operational change and a significant net increase, however, EPA concluded that BACT did not apply to Greenwood Unit 1 because it was able to fire natural gas without any physical or operational changes. In that regard, EPA specifically determined that, although the unit did require installation of gas canes, "by itself, the addition of gas canes to the burners is not a physical change or change in the method of operation in the unit and, consequently, would not subject the boiler to BACT review." (Emphasis in original). EPA Region IV expressed this same reasoning in the attached memorandum to the State of Florida regarding applicability of PSD and BACT review to coal conversions (Attachment "C").

In contrast to "fuel switches" which have triggered PSD review in the past, the use of petroleum coke in McIntosh Unit 3 involves no "physical or operational changes" whatsoever. Use of petroleum coke at the McIntosh Plant requires no additional fuel delivery, handling or storage facilities. Moreover, like Detroit Edison's Greenwood Unit 1, McIntosh Unit 3 can fire petroleum coke without any physical or operational changes to the boiler or burners. Accordingly, the proposed co-firing of petroleum coke triggers neither PSD review of the McIntosh Plant as a whole, nor the imposition of new BACT emission limits for Unit 3.

NSPS:

As indicated in Attachment "D," U.S. EPA has determined that the NSPS in 40 C.F.R. 60, Subpart Da, does not apply to McIntosh Unit 3 because Lakeland "commenced construction" prior to the effective date of September 18, 1978. Although Subpart Da applies to "modifications" at affected units commenced after September 18, 1978, much like DEP's PSD regulations, the NSPS rules define "modification" to include "any physical or operational change" to an existing facility which results in an increased emission rate. See 40 C.F.R. § 60.14(a) (1993). For the reasons stated above, the planned co-firing of petroleum coke in Unit

Clair H. Fancy, Chief Bureau of Air Regulation November 10, 1994 Page 3

3 does not involve a physical or operational change and, therefore, does not trigger application of Subpart Da.

Moreover, the proposed co-firing also would be exempt from Subpart Da under 40 C.F.R. § 60.14(e)(4), which provides that the following, by itself, is not considered a "modification":

Use of an alternative fuel or raw material if, prior to the date any standard of this part becomes applicable to that source type, as provided by § 60.1, the existing facility was designed to accommodate that joint use. A facility shall be considered to be designed to accommodate an alternative fuel or raw material if that use could be accomplished under the facility's construction specifications as amended prior to the change.

As evidenced by the recent test burn, there is no question that co-firing of petroleum coke could be accomplished under the construction specifications for McIntosh Unit 3.

I have discussed these issues with Dennis Crumpler of EPA who generally agreed that the proposed co-firing of petroleum coke triggers neither PSD nor NSPS requirements. Moreover, Greg Worley of EPA indicated that while the decision was Florida's, EPA would likely adopt a state determination that these requirements do not apply. Accordingly, the City of Lakeland respectfully requests that the Department issue a written determination that PSD and NSPS requirements do not apply to the planned co-firing of petroleum coke in McIntosh Unit 3.

If you have any questions or need additional information, please contact me at 813-499-6603. Thank you for your consideration of this request.

Sincerely,

Farzie Shelton

and Farzie Shelton

cc: Dennis Crumpler, EPA/OAQPS Greg Worley, EPA/Region IV PHONE NO. : 8134996688 Sep. 21 1994 02:26PM P22

Markey V. Comments of the Comm

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Lakeland Electric & Water Utilities McIntosh Power Plant Unit No. 3 Stack tests results

Mode of operat- ion	Parti- culate lb/ MMBtu	so2 lb/ MMBtu	Nox 1b/ MMBtu	CO 1b/ MMBtu	H2SO4/ SO3 1b/ MMBtu	Opacity %	Test date
#1 High Sulfur Coal (HSC)	0.0481	1.0866	0.5391	0.0054	0.0240	11.46	2/8/94.
#2 10% Coke + (HSC)	0.0459	1.1087	0.5466	0.0050	0.0213	10.42	2/9/94
#3 20% Coke + (LSC)	0.0141	0.8935	0.4126	0.0889	0.0255	o	2/15/94
		·					



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY Office of Air Quality Planning and Standards Research Triangle Park, North Carolina 27711

JAN 18 1990

Mr. Morton Sterling, Director Environmental Protection Detroit Edison Company 200 Second Avenue, 482 WCB Detroit, Michigan 48226

Dear Mr. Sterling:

This is a followup to the October 19, 1989 meeting during which Detroit Edison further discussed its position that the addition of natural gas firing capacity to the Greenwood Unit I Power Plant should not be subject to a prevention of significant deterioration (PSD) review. At the meeting, you requested that Environmental Protection Agency (EPA) Headquarters review Region V's previous determination that the proposed fuel conversion was a "major modification" for PSD purposes.

As you are aware, in a letter dated December 20, 1988, EPA Region V concluded that the proposed conversion of the oil-fired Greenwood Unit to dual capacity for oil and gas firing would subject the plant to a PSD review for nitrogen oxides (NO_X) . The Region's conclusion was based on a determination that 1) the source was not capable of firing natural gas prior to January 6, 1975 (and therefore was not covered by the PSD exemption for modifications under 40 CFR 52.21(b)(2)(iii)(e)(1)); and 2) there would be a significant net increase of NO_X resulting from the change. As you have requested, we have reevaluated this finding in light of the additional information submitted by Detroit Edison during the October 19 meeting.

The information presented by Detroit Edison indicates that the emissions unit at the source was initially designed and permitted to fire both oil and gas. However, there is no evidence to demonstrate that the source as a whole had, or at any time initiated construction on, the equipment necessary to deliver natural gas to the combustion unit. Without such equipment, it would not be possible for the source to utilize natural gas as an alternate fuel. Consequently, it is our view that the source was not capable of accommodating natural gas prior to January 6, 1975. Therefore, the changes necessary to accommodate the firing of natural gas at the Greenwood Plant would, for PSD purposes, be considered a "physical change" to the source.

As requested, we have also evaluated the net emissions change at the source that would result from the modification. It is Detroit Edison's position that the large decreases in "allowable" emissions of sulfur dioxide, particulate matter, and NO_{X} when burning natural gas rather than oil as a result of the modification, warrants special consideration. Specifically, Detroit Edison feels that the use of a cleaner fuel at the Greenwood Plant warrants a finding that there is no increase in actual emissions and accordingly no "major modification."

Under the PSD regulation, a "major modification" occurs when the physical or operational change at the source (in this case the installation of natural gas handling facilities and the firing of natural gas) would result in a significant net emissions increase for any regulated pollutant at the source. Whether the proposed use of natural gas at the Greenwood Plant would result in a "significant net emissions increase" depends on a comparison between the "actual emissions" before and after the physical or operational change. Where, as here, the source has not yet begun operations firing natural gas, "actual emissions" after the change to natural gas firing are deemed to be the source's "potential to emit" for that fuel [see 40 CFR 52.21(b)(21)(iv)]. Potential annual NO_x emissions when firing natural gas at the Greenwood Plant greatly exceed its current actual emissions. Therefore, as a result of the ability to fire natural gas after the change, the emissions of $\mathrm{NO}_{\mathbf{x}}$ at the source would experience a "significant net emissions increase," within the meaning of the PSD regulations. The fact that current annual "allowable emissions" for the Greenwood Plant when firing oil may greatly exceed future allowable (or potential) emissions when firing natural gas is not relevant for PSD applicability purposes. See <u>Puerto Rican Cement Co.</u>, Inc. v. EPA No.89-1070 (First Circuit) (slip op. October 31, 1989).

In summary, our review indicates that Region V correctly applied the PSD applicability criteria.

The PSD requirements include an air quality and additional impact analysis and the application of best available control technology (BACT). The BACT requirement applies to "each proposed emissions unit at which a net emissions increase would occur as a result of a physical change or change in the method of operation in the unit" [see 52.21(j)(3)]. Consequently, although the addition of gas firing would subject the source as a whole to a PSD review, the requirement to apply BACT is applicable only to those emissions units at the source which undergo both a physical or operational change and a significant net emissions increase. It appears that the only emissions unit at the Greenwood Plant affected by the proposal to fire gas would be the existing boiler. Historically, it has been EPA's policy that where the individual boiler being converted is capable of accommodating the alternate fuel, BACT would not apply.

In this case, in addition to the physical changes at the source necessary to deliver natural gas to the existing boiler, a number of canes capable of burning natural gas would be installed in the existing burner assemblies. Modifications to the unit's overfired air duct are also planned. We also understand that there will be no changes in the present oil burning system, which will be retained.

Our review indicates that, <u>by itself</u>, the addition of gas canes to the burners is not a physical change or change in the method of operation in the unit and, consequently, would not subject the boiler to a BACT review. Therefore, if the sole change to the boiler is the addition of the canes, then, in this case, the only requirements necessary for a PSD permit are an air quality analysis, additional impacts analyses, and (if applicable) a Class I impact analysis—the application of BACT is not required. However,

the information submitted by Detroit Èdison indicates that changes to the boiler's overfired air duct are also planned. At this time, without additional information on the nature and scope of the work to be done on the overfired air duct, we cannot determine whether these are physical or operational changes to the boiler that are necessary to make the boiler capable of accommodating natural gas. If the ducting work is necessary for this purpose, then a BACT analysis would likely be required.

In addition, it is unclear from the information submitted whether Detroit Edison plans to undertake further modifications to the boiler which would allow 100 percent load when firing natural gas. Currently, the unit as presently configured has the potential of achieving only 75 percent load when firing natural gas. To achieve a higher load, substantial modifications to the unit apparently would be required. These types of physical changes to the boiler likely would require a full PSD review, including a BACT analysis for the boiler. The BACT analysis would require that the source evaluate the use of all available additional air pollution controls for reducing NO_x emissions. The analysis would consider retrofit costs for add-on controls and the fact that gas is a relatively clean-burning fuel. Consequently, in this case, it is possible that the currently planned use of a low-NO_x burner design may be BACT for gas firing. However, such a conclusion would have to be demonstrated through the requisite BACT analysis. I have asked Region V to work with you should you need assistance in preparing the analysis.

Sincerely,

Gerald A. Emison

Director

Office of Air Quality Planning

and Standards

cc: J. Calcagni, EPA/AQMD

D. Kee, EPA/Region V

G. Foote, EPA/OGC

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IV

FUN 7 1983

345 COURTLAND STREET ATLANTA, GEORGIA 30365

KA-XA

Mr. Steve Smallwood, Chiei Bureau of Air Quality Management Twin Towers Office Building 2600 Blair Stone Road Tallahassee, Florida 32301

Dear Mr. Smallwood:

This is to inform you of Region IV policy concerning applicability of coal conversions to EPA PSD regulations.

Fuel conversions, in general, are considered major modifications for purposes of PSD review providing emission increases are significant. However, Section 52.21(0)(2)(111)(e) provides an exemption for certain fuel conversion from the major modification definition. Specifically, this section exempts a fuel conversion from PSD review if the source was capable of accommodating the alternate fuel before January 6, 1975 and such a change is not provide by any enforceable permit conditions.

The question then, is whether the source, i.e., the entire plant, was capable of accommodating coal before January 6, 1975. For purposes of converting one or more, but not all of the boilers, we interpret this provision as requiring that the plant be capable of receiving, transferring, and preparing coal, and then transferring coal and combusting coal in the units being converted, and disposing of the ash. It is not necessary for the plant to be capable of carrying out all those operations for every unit at the source, but only for for those being converted. On the other hand, if the plant is capable of receiving coal and transferring and combusting it only in some other unit at the plant, but not the one being converted, the plant would not be decimed capable of accommodating coal for purposes of that project.

In order for a plant to be expable of accommodating coal, the company must show not only that the design (i.e., construction specifications) for the source contemplated the equipment, but also that the equipment actually was installed and still remains in existence. Otherwise, it cannot reasonably be concluded that the use of coal was "designed into the source." Thus, a source that had used coal at a particular unit at an earlier time, but later switched to another fuel, would be capable of accurmodating coal as long as the coal handling equipment still existed. If coal handling equipment had been removed or was never installed, the source would not be coal accommodative. If a proposed conversion is not eligible for the exemption under 52.21(b)(2)(111)(e), it is considered a major medification for the purposes of PSD review if the resulting net emission increases are significant. PSD applicability would be based on all emission increases from the conversion, including emission increases from the coal and asn handling and storage facilities as well as from the boilers, since all the increases are caused by the conversion to coal.

Once PSD applicability has been established, it is then necessary to undertake a BACT analysis as required under 52.21(j). That section, under paragraph 3, requires that a major modification apply "best available control technology for each pollutant subject to regulation under the Act for which it would result in a significant net emissions increase at the source. This requirement applies to each proposed emissions unit at which a net emissions increase in the pollutant would occur as a result of a physical change or change in the method of operation in the unit." This section clearly intends that technology review be assessed on an emissions unit rather than on a plant-wide basis.

In the situation where the individual boiler being converted is capable of firing coal with minimal physical changes (for example, change of burners only), BACT analysis would apply to the coal handling and storage equipment as well as any other necessary new equipment. BACT analysis would not apply to the boilers since individually they were designed to accommodate coal and therefore will not be undergoing a physical change or change in the method of operation.

In addition to the BACT analysis, requirements for a source impact analysis (52.21(k)), air quality analysis (52.21(m)), additional impact analyses (52.21(o)), and Class I analysis (52.21(p)) must be satisfied.

Once the source has satisfied these requirements and the notice and public comment provisions, permit approval may proceed.

Region IV is aware that guidance on this question has been somewhat vague, and possibly conflicting, in the past. Therefore, we do not intend for this policy to be applied retroactively where it was not adhered to. However, we do expect each Region IV state to immediately implement this policy for all future applicability determinations.

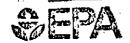
Sincerely yours,

James T. Wilburn, Chief Air Management Branch Air & Waste Management Division

cc: Ed Reich Darryl Tyler Environmental Protection
Agency

345 Countland Street NE Atlanta GA 30308

Mississippi, North Carolina, South Carolina, Tennessee, Kentucky



MAR 0 2 1979

REF: 4RC

Mr. Stephen C. Watson Assistant City Attorney City of Lakeland World Citrus Center Lakeland, Florida 33802

Re: City of Lakeland McIntosh Power Plant Unit 3

Dear Mr. Watson:

We have reviewed the materials previously submitted on whether Clean Air Act new source performance standards (NSPS) promulgated in the September 19, 1978, Federal Register, apply to the above. The materials disclose that Unit 3 is not subject to those NSPS. The basis for this conclusion is described in the attached memorandum.

If you have any questions on this, please call (telephone 404/881-2335).

Sincerely yours,

Sanford W. Harvey Jr. Regional Counsel

Enclosure

MAR5 REC'D



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IV

345 COURTLAND STREET ATLANTA, GEORGIA 30365

SEY 12 1984

REF: 4AW-AM

Mr. Larry George
Florida Department of Environmental
Regulation
Bureau of Air Quality Management
Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32301

Dear Mr. George:

Per your request, please find enclosed a copy of the letter sent to Mr. Stephen C. Watson, Assistant City Attorney, City of Lakeland, regarding the non applicability of New Source Performance Standards (NSPS) Subpart Da to the Lakeland Utilities, McIntosh Unit No. 3.

If I can be of any further assistance, please feel free to contact me.

Sincerely yours,

Wayne

Wayne J. Aronson, Team Leader New Source Review

Enclosure

DER

SEP 17 1984

BAQM

State of Florida Department of Environmental Regulation City of Laxeland C.D. McIntosn, Jr. Power Plant - Unit No. 3 Case No. PA 74-06-3R CONDITIONS OF CERTIFICATION

GENERAL

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State of Florida Department of Environmental Regulation City of Lakeland C.D. McIntosh, Jr. Power Plant - Unit No. 3 Case No. PA 74-06-SR CONDITIONS OF CERTIFICATION

GENERAL T

1. Change in Discharge

All discharges or emissions authorized herein shall be consistent with the terms and concitions of this certification. The discharge of any pollutant not identified in the application, or any discharge more frequent than, or at a level in excess of that authorized herein, shall constitute a violation of the certification. Any anticipated facility expansions, production increases, or process modifications which will result in new, different or increased discharges or expansion in steam generating capacity will require a submission of a new or supplemental application pursuant to Chapter 402, Florida Statutes.

2. Noncompliance Notification

- If, for any reason, the permittee does not comply with or will be unable to comply with any limitation specified in this certification, the permittee shall notify the Southwest District Manager of the Department by telephone during the working day during which said noncompliance occurs and shall confirm this situation in writing within seventy-two (72) hours of first becoming aware of such conditions, supplying the following information:
 - a. A description and cause of honcompliance; and
 - b. The period of noncompliance, including exact dates and times: or, if not corrected, the anticipated time the noncompliance is expected to continue, and steps being taken to reduce, eliminate and prevent recurrence of the noncomplying event.

3. Facilities Operation

The permittee shall at all times maintain in good working order and operate as efficiently as possible all treatment or control facilities or systems installed or used by the permittee to achieve compliance with the terms and conditions of this certification. Such systems are not to be bypassed without prior department approval.

4. Adverse impact

The permittee shall take all reasonable steps to minimize any adverse impact resulting from noncompliance with any limitation specified in this certification, including but not limited to such accelerated or additional monitoring as necessary to determine the nature and impact of the noncomplying event.

5. Right of Entry

The permittee shall allow the Secretary of the Florida Department of Invironmental Regulation and/or authorized representatives, upon the presentation of credentials:

- To enter upon the permittee's premises where an effluent source is located or in which records are required to be kept under the terms and conditions of this permit; and
- 5. To have access to and copy all records required to be kept under the conditions of this certification; and
- c. To inspect and test any monitoring equipment or monitoring method required in this certification and to sample any discharge or poliutants, and
- d. To assess any damage to the environment or violation of ambient standards.

5. <u>keyocation</u> or Suspension

This certification may be suspended or revoked punsuant to Section 403.512, Florida Statutes, or for violations of any General or Special Condition.

7., Civil and Criminal Liability

This certification does not relieve the permittee from civil or criminal responsibility or liability for noncompliance with any conditions of this certification, applicable rules or regulations of the Department, or Chapter 403, Florida Statutes, or regulations thereunder.

Subject to Section 403.511, Florida Statutes, this certification shall not preclude the institution of any legal action or relieve the permittee from any responsibilities or penalties established pursuant to any other applicable State Statutes or regulations.

8. Property Rights

The issuance of this certification does not convey any property rights in either real or personal property tangible or intangible, nor any exclusive privileges, nor does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of Federal. State or local laws or regulations. The applicant will obtain title, lease or right of use from the State of Florida, to any sovereign submerged lands occupied by plant, transmission line structures, or appurtenant facilities.

9. Severability

The provisions of this certification are severable, and if any provision of this certification, or the application of any provision of this certification to any circumstances, is held invalid, the application of such provision to other circumstances and the remainder of the certification shall not be affected thereby.

10. <u>Definitions</u>

The meaning of terms used herein shall be governed by the definitions contained in Chapter 403, Florida Statutas, and any regulation adopted pursuant thereto. In the event of any dispute over the meaning of a term used in these general or special conditions which is not defined in such statutes or regulations, such dispute shall be resolved by reference to the most relevant definitions contained in any other state or federal statute or regulation or, in the alternative by the use of the commonly accepted meaning as determined by the Department.

117 Review of Site Cartification

The certification shall be final unless revised, revoked or suspended pursuant to law. At least every five years from the date of issuance of this certification or any National Pollutant Discharge Elimination System Permit issued pursuant to the Federal Water Pollution Control Act Amendments of 1972, for the plant units, the Department shall review all monitoring data that has been submitted to it during the preceding five-year period, for the purposes of determining the extent of the permittee's compliance with the conditions of this certification and the environmental impact of this facility. The Department shall submit the results of its review and recommendations to the permittee. Such review will be repeated at least every five years thereafter.

12. Modification of Conditions

The conditions of this certification may be modified in the following manner:

- a. The Board hereby delegates to the Scoretary the authority to modify, after notice and opportunity for hearing, any conditions pertaining to monitoring or sampling.
- b. All other modifications shall be made in accordance with Section 403.515, F.S.

State of Florida Department of Environmental Regulation City of Lakeland C. D. McTheosn, Proper Plant Unit No. 3 Case No. PA 74-06-SR CONDITIONS OF CERTIFICATION

SPECIAL

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State of Florida Deportment of Environmental Regulation City of Laxeland Power Plant No. 3 - Unit No. 3 Case No. PA 74-06 CONDITIONS OF CERTIFICATION

SPECIAL

1. Air

3

The construction and operation of the Unit No. 3 at the McIntosh Plant shall be in accordance with all applicable provisions of Chapters 17-2, 17-5, and 17-7, Florida Administrative Code. The permittee shall comply with the following conditions of certification:

A. <u>Emission Limitations</u>

- 1. Stack emissions shall not exceed those specified in Chapter 17-2.04(5)(e) 1., FAC.
- 2. The permittee shall not burn a fuel bil containing more than an average of 0.7% sulfur unless it can be demonstrated that either, a) heat efficiency is such as to insure compliance with all applicable emission limitations, or b) that a flue gas desulfurization unit is installed that will insure compliance with applicable emission limitations.
- 3. The height of the boiler exhaust stack for Unit 3 shall be not less than 250 feet above grade. The height of stacks for future units shall be determined after review of supplemental applications.
- 4. Particulate emissions from the coal handling facilities:
 - The applicant shall not cause to be discharged into the atmosphere from any coal processing or conveying equipment, coal storage system or coal transfer and loading system processing coal, visible emissions which exceed 20 percent opacity.
 - The applicant must submit to the Department within five (5) working days after it becomes available, copies of technical data pertaining to the selected particulate emissions control for the coal handling facility. These data should include, but not be limited to, a copy of the formal bid from the successful bioder, guaranteed efficiency and emission rates, and major design parameters such as air/cloth ratio and flow rate. The Department may, upon review of these data, disapprove the use of such device if the Department determines the selected control device to be inadequate to meet the visible emission limit specified in 5 (a) above.

Air Mositoring Program

- I. The permittee shall install and operate continuously monitoring devices for the Unit No. 3 boiler exhaust for sulfur dioxide, nitrogen dioxide and opacity. The monitoring devices shall must the applicable requirements of 17-2.08, FAC.
- 2. The permitter shall operate two ambient monitoring device for sulfur dioxide in accordance with EPA reference methods in 40 CFR, Part 53 and two ambient monitoring device for suspended particulates. New and existing monitoring devices shall be located as designated by the Department. The frequency of operation shall be every six days or as specified by the Department.
- 3. The permittee shall maintain a daily log of fuels used and copies of fuel analyses containing information on sulfur content, ash content and heating values to facilitate calculations of emissions.
- 4. The permittee shall provide sampling ports into the stack and shall provide access to the sampling ports, in accordance with Standard Sampling Techniques and Methods of Analysis for The Determination of Air Pollutants from Point Sources, July 1975.
- 5. The ambient monitoring program may be reviewed annually beginning two years after start-up of Unit No. 2 by the Department and the permittee.
- 5. Emission Control Systems:
 - Prior to operation of the source, the owner or operator shall submit to the Department a standardized plan or procedure that will allow the company to monitor emission control equipment efficiency and enable the company to return malfunctioning equipment to proper operation as expeditiously as possible.

C. <u>Stack Testing</u>:

1. Within 60 days after achieving the maximum capacity at which the facility will be operated, but no later than 180 days after initial startup, the owner or operator shall conduct performance tests for particulates and 502 and promotly furnish the Department a written report of the results of such performance tests.

- 5. The duration of the contract; and
- An opinion of counsel for the applicant that the contract(s) are legally binding enforceable.

G. Reporting:

Beginning one month after certification the applicant shall submit to the Department a quarterly status report briefly putlining progress made on engineering design and purchase of major pieces of equipment (including control equipment). All reports and information required to be submitted under this condition shall be submitted to Mr. Hamilton S. Oven, Jr., Administrator of Power Plant Siting, Department of Environmental Regulation, 2500 Blair Stone Road, Tallahassee, Florida 32301.

II. <u>Water Discharges</u>

Discharges during construction and operation of the Unit No. 3 shall be in accordance with all applicable provisions of Chapter 17-D, Florida Administrative Code and 40 CFR 423, Effluent Guidelines and Standards for Steam Electric Power Generating Point Source Category. In addition, the permittee shall comply with the following conditions of certification:

A. Pretreatment Standards

Wastewater discharged from Unit No. 3 to the Lakeland municipal sewerage system shall comply with the pretreatment standards for new sources as contained in 40 CFR, Part 423.16 and amendments. The specific standards applicable to the facilities as planned are:

1. Cooling Tower Slowdown

There shall be no detectable amounts of materials added for corresion inhibition, including but not limited to zinc and chromium in cooling Lower blowdown discharged to the sewer system.

2. <u>pH</u>

The pH of all discharges shall be within the range of 6.0 to 9.0.

3. <u>Polychlorinated Biphenyl Compounds</u>

There shall be no release to the environment of polychlorinated bipnenyl compounds.

4. * Chemical Wastes and Boiler Blowdown

All low volume wastes (demineralizer regeneration, cooling tower basin cleaning wastes, floor drainage, sample drains and similar wastes), metal cleaning wastes (including preheater and tireside wash) and boiler blowdown shall be treated as nequired for pH adjustment and removal of chemical constituents. These wastewaters will be discharged to an adequately sized and constructed spray evaporation basin.

5. Sluice Fond Overflow

Sluice pond overflow (coal pile runoff from less than 10-year, 24-hour rainfall and bottom and fly asn transport water) shall be treated if required (detention basin) and discharged to an adequately sized and constructed spray evaporation pond.

5. Flue Gas Desulfurization Sludge Pond Overflow

The flue gas desulturization sludge pond overflow shall be discharged to an adequately sized and constructed spray evaporation pond.

B. In-Plant Water Monitoring Program

A monitoring program shall be undertaken by the City of Lakeland on the effluent streams within the facility to determine compliance by Unit 3 with the applicable protreatment standards for those wastes discharged to the Lakeland municipal sewerage system.

III. Groundwater

A. General

The use of groundwater shall be minimized to the greatest extent practicable.

B. well Criteria

The well locations shall be approved by the Southwest Florida Water Management District. Design and construction of new wells shall be in accordance with the applicable rules of the Department of Environmental Regulation and Southwest Florida Water Management District.

C. <u>Graindwater Use Limitations</u>

1. Groundwater used for makeup for the cooling tower for Unit No. 3 shall be limited to emergency use only, not to exceed 0.2166 million gallons per day on an average annual backs or 5.271 mgd on a maximum daily basis from 3 now wells.

2. Daily water use from the new wells shall be reported quarterly to the Southwest Florida Water Management District.

IV. Leachate

A. <u>Compliance</u>

Leachate from coal storage piles, settling and spray ponds and fluc gas desulturization sludge ponds (FGD) shall not contaminate waters of the State (including both surface and groundwaters) in excess of the limitations of Chapter 17-3, FAC.

B. Monitoring

A monitoring well system shall be used to determine whether or not leachate from the spray evaporation pond, as stude pends, and the flue gas desulfurization sludge pends is reaching the groundwater. The permittee shall keep a monthly record of the monitoring results and shall notify the Central Subdistrict Office of the Department and the Southwest Florida Water Management District when said measurements become abnormal or execusive. A quarterly summary of the results of monitoring shall be provided to the Central Subdistrict Manager.

City Corrective Action

When the leachate monitoring system indicates significant leakage to the groundwater in the shallow aquifer, the appropriate ponds (settling spray or sludge) shall be sealed, relocated or closed, or the operation of the affected pond shall be altered in such a manner as to assure the Department that no significant contamination of the groundwater will occur.

V. Coptrol Measures During Construction

A. Stormwater Runoff

During construction and plant operation, necessary measures shall be used to settle, filter, treat or absorb silt containing or pollutant laden stormwater runoff to limit the suspended solids to 50 mg/l or less during rainfall periods not exceeding the 10-year, 24-hour rainfall, and to prevent an increase in turbidity to more than 50 Jackson Turbidity Units above background in waters of the State.

Control measures shall consist at the minimum, of filters, sediment traps, parriers, berms or vegetative planting. Exposed or disturbed soil shall be protected as soon as possible to minimize silt and sediment lagen runoff. The pH shall be kept within the range of 6.0 to 8.5.

B. Sanitary Wastes

Disposal of sanitary wastes from construction toilet facilities shall be in accordance with applicable regulations of the Department and appropriate local health agency.

C. Environmental Control Program

An environmental control program shall be established under the supervision of a qualified person to assure that all construction activities conform to good environmental practices and the applicable conditions of certification.

The permittee shall notify the Department if unexpected nurmful effects or evidence of irreversible environmental damage are detected during construction, shall immediately cease work and shall provide an analysis of the problem and a plan to eliminate or significantly reduce the harmful effects or tassage, and to prevent reoccurrence.

YI. Solid Wastes

Solid Wastes resulting from construction or operation shall be disposed of in accordance with the applicable regulations of Chapter 17-7, FAC.

open burning in connection with land clearing shall be in accordance with Chapter 17-5, FAC, no additional permits shall be required, but the Division of Forestry shall be notified. Open burning shall not occur if the Division of Forestry has issued a ban on burning due to fire hazard conditions.

YII. Operation Safeguards

The overall design and layout of the facilities shall be such as to minimize hazards to humans and the environment. Security control measures shall be utilized to prevent exposure of the public to hazardous conditions.

VIII. Solid Waste Utilization System

Ine solid wasse utilization facility shall be designed and operated in compliance with all applicable regulations of the Department, including but not limited to Chapter 17-7, FAC.

IX. Screening

The permittee shall provide screening of the site through the use of aesthetically acceptable structures, vegetated earthen walls and/or existing or planted vegetation.

X. Potable Water Supply System

The potable water supply system shall be designed and operated in conformance with Chapter 17-22, FAC. Information as required in 17-22.05 shall be submitted to the Department prior to construction and operation. The operator of the potable water supply system shall be certified in accordance with Chapter 17-23, FAC.

Transformer and Electric Switching Gene

The foundations for transformers, capacitors, and switching gear necessary for McIntosh Unit 3 to the existing distribution system shall be constructed of an impervious material and shall be constructed in such a manner to allow complete collection and recovery of any spills or leakage of oily, toxic, or hazardous substances.

XII. Toxic. Deleterious, or Hazardous Materials

The spill of any toxic, deleterious, or hazardous materials shall be reported in the manner specified by General Condition 2.

XIII. Transmission Line

Directly associated transmission lines shall be constructed and maintained in a manner to minimize environmental impacts in accordance with Chapter 403, F.S., and Chapter 22F-6, FAC.

A. Construction

- Filling and construction in waters of the State shall be minimized to the extent practicable. No such activities shall take place without obtaining lease or title from the Department of Natural Resources.
- 2. Placement of fill in wetland areas shall be minimized by spanning such areas with the maximum transmission lines span practicable. Such areas should be bridged by maintenance or access roads.
- 3. Construction and access roads should avoid wetlands and be located in surrounding uplands. Any fill required in wetlands for construction but not required for maintenance purposes shall be removed and the ground restored to its original contours after transmission line placement.
- Keyhole fills from upland areas are preferable to a single road and should be oriented as nearly parallel to surface water flow lines as possible.
- 5. Sufficient culverts shall be placed through fill causeways to maintain sheet flow. The number and locations of such culverts will be determined in the field by consultation with DER field inspectors.

- 6. Maintenance roads shall be planted with native species to prevent erorion and subsequent water quality degradation.
- 7. Construction activities should proceed as much as possible during the dry season.
- Turbidity control measures, where needed, shall be employed to prevent violation of water quality standards.
- 9. Good environmental practices as described in Environmental Criteria for Electric Transmission Systems or published by the U.S. Department of Interior and the U.S. Department of Arriculture should be followed.
- 10. Any archaeological sites discovered during construction of the transmission line shall be disturbed as little as possible and such discovery shall be communicated to the Department of State, Division of Archive History and Records Management.

Maintenance

1. Vegetative removal for maintenance should be carried out in the following manner:

Vegetative clearing operations to be carried out within the corridor should follow the general standards for clearing rights-of-way for overhead transmission lines, thus preserving immature tree species along the peripheries of the right-of-way. These standards define the zone that shall be cleared of all tree growth as the area between structures 10 ft. to either side of the outside conductor. The remainder of the right-of-way from the cleared area to the right-of-way limit shall be screened. This translates to mean that only trees in excess of 10 ft. in height would be removed from the outer zone.

2. Herbicides shall not be used for vegetation control along the transmission line without prior approval of the Department.

XIV. Construction in Waters of the State

No construction in waters of the State shall commence without obtaining lease or title from the Department of Natural Resources.

XV. Cooling Water Treatment

A study to determine the presence of pathogenic organisms in the sowage treatment plant effluent shall be performed to determine the degree of treatment required prior to use in cooling towers. A plan or study will be developed by the Department and the Department of Health & Rehabilitative Services. Based on the number of pathogenic organisms detected the final degree of treatment and amount of chlorination to be required will be determined by the Department.



McIntosh Plant Construction Office P.O. Box 3523 Lakeland, Florida 33802 (813) 688-2531

Department of Environmental Regulation Southwest District 7601 Highway 301 North Tampa, Fl. 33610-9544 DER SEP 24 1982 BAOM

Attention: Mr. Dan Williams

Re: City of Lakeland, Unit No. 3 at C. D. McIntosh Power Plant

Dear Mr. Williams:

This letter is to notify your office that the actual start-up for the City of Lakeland's Unit No. 3 at C. D. McIntosh Power Plant was September 1, 1982.

We will be notifying your office when we expect to achieve the maximum capacity at which the unit will be operated. Performance tests will be conducted for this unit and you will be notified 30 days prior to the testing.

We are in the process of selecting a consultant firm to conduct the various tests required by the conditions of certification under the Power Plant Siting Act. Once the selection is made, we will notify your office to set up at your convenience a pre-performance meeting with our group and the selected firm that will be conducting the source tests.

Sincerely,

Environmental Coordinator

Dept. of Electric & Water Utilities

cc: Tommie A. Gibbs, EPA, Region IV Steve Smallwood, DER, Tallahassee

GAR/1s

NOTICE

Preliminary Determination concerning the Proposed Modification of a Power Plant (Addition of Unit 3 to the McIntosh Plant of the City of Lakeland, Department of Electric and Water Utilities).

The City of Lakeland has applied to the U.S. Environmental Protection Agency (EPA) to construct a 364 megawatt coal and municipal refuse fired steam-electric unit at its C.D. McIntosh, Jr. Power Plant. The proposed construction is subject to EPA regulations for the Prevention of Significant Deterioration (PSD), 40 CFR 52.21. EPA has made a . Preliminary Determination that the construction can be approved with conditions.

The maximum degree of PSD increment consumption caused by the proposed construction is predicted to be as follows:

Particulate matter, annual increment:	0
Particulate Matter, 24 hour increment:	5%
Sulfur Dioxide, annual increment:	20%
Sulfur Dioxide, 24 hour increment:	45%
Sulfur Dioxide, 3 hour increment:	32%

Any person may submit written comments to EPA and/or request a public hearing. To be considered, any comment or request for public hearing must be postmarked not later than 30 days from the date of this notice and submitted to:

Mr. Winston A. Smith Chief, Air Programs Branch U.S. Environmental Protection Agency 345 Courtland Street Atlanta, Georgia 30308

A copy of all materials submitted by the applicant and a copy of the Preliminary Determination is available for inspection at the City Manager's Office at the City Hall in Lakeland.



January 9, 1979

William R. Phillips, General Counsel U. S. EPA, Region IV 345 Courtland Street Atlanta, Georgia 30308

Dear Mr. Phillips:

In re: City of Lakeland McIntosh Power Plant Unit 3
Non-Applicability of New NSPA

Pursuant to your request, I do herewith enclose two copies of schematic construction schedule revised as of May 10, 1978. This schedule had been developed by C. T. Main, the City's consulting engineer. I trust this answers any questions you have previously raised in our telephone conversation of several days ago.

Based upon your conversation with me, it is my understanding that you have made the determination on behalf of EPA that the McIntosh Power Plant Unit 3, i.e. 364 MW Unit No. 3, will be considered a pre-existing source, and therefore, not subject to the proposed New Source Performance Standards. If my understanding be in error, please advise. Let me add that I feel that your determination is fully in accordance with the proposed rule in that clearly the City of Lakeland had established contractual obligations well in advance of September 19, 1978. We are, however, gratified to learn of your determination in this regard.

Should you desire any further information whatsoever, please feel free to call upon me at any time. It has been a pleasure working with you on this issue and the City does appreciate the many courtesies you extended during this period of time.

Very truly yours,

Stephen C. Watson Special Counsel

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REF 4KC

Fir. Stephen C Watson Assistant City Autorney City of Lakeland World Citrus Conter Lakeland, Florida 35002

ke: City of Lakeland McIntosh Power Plant Unit 3

Dear Hr. Watson:

We have reviewed the materials previously submitted on whether Clean Air Act new source performance standards (NSPE) promulgated in the September 19, 1970, Federal Register, apply to the above. The materials disclose that Unit 3 is not subject to those NSPS. The basis for this conclusion is described in the attached memorandum.

If you have any questions on this, please call (telephone 404/881-2335).

Sincerely yours,

Original Stood By

Sanford W. Larvey, Jr. Regional Counsel

Enclosure

bcc: Winston Smith Brian Beals

WRPHILLIPS bib 3/2/79 x2335

JAN 11 1979

MSPS "New Source" Determination for City of Lakeland McIntosh Power Plant Unit 3

Office of Regional Counsel

Drian L. Beals Air Engineering Branch

FACTS:

You requested us to make a determination on whether AcIntosh Unit 3 is a "new source" for purposes of the Clean Air Act \$111 new source performance standards for electric utility boilers over 73 hw capacity, which standards were proposed September 19, 1978. Factual materials reviewed in making this determination include: (1) a September 29, 1978, letter from Like Opalinski of the City of Lakeland ("Lakeland"), with attachments; (2) a Lecember 13, 1976, letter from Stephen C. Watson of Lakeland; (3) a December 20, 1976, letter from H. Kerner Smith of Eabcock & Wilcox ("B&W"); and (4) a December 18, 1978, letter from Stephen C. Natson, with attachments. These materials evidence the following events.

Lakeland, in a joint venture with the Crlando Utilities Commission, intends to build a 364 M. fossil fuel fired steam generator to be used primarily for power production, and to be designated "McIntosh Unit 3". On March 21, 1978, Lakeland signed a letter of intent with Ball to purchase the helmtosn Unit 3 boiler and associated SC_2 scrubber and electrostatic precipitator, for \$35 million. To cover the schedule of cancellation charges outlined in the letter of intent (among other reasons), Lakeland secured \$80 million in short term notes. Lakeland also entered into a letter of intent on April 17, 1978, for manufacture of a turbine for the boiler. Additional financing for the boiler and the turbine (as well as for extensions and improvements to the City water system) in the form of a bond issue for \$125 million was obtained on September 15, 1976.

COLSTIGM:

Is noIntosh Unit 3 subject to the NSPS for electric utility boilers, proposed September 19, 1978?

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PA Form 1320-4 (12-70)					

ANSWER:

NO.

DISCUSSION:

Section Ill of the Clean Air Act defines a "new source" as:

"...any stationary source, the construction or modification of which is commenced after the publication of...proposed regulations ... prescribing a standard of performance under this section which will be applicable to such source."

Since NcIntosh Unit 3 will be a fossil-fuel boiler with a 364 MW capacity, its capacity is greater than the 73 MW minimum for coverage under the September 19 NSPS. The only remaining issue is whether construction "commenced" on McIntosh Unit 3 before September 19, 1978.

The regulations define "commenced" as meaning:

"that an owner or operator has undertaken a continuous program of construction or modification or that an owner or operator has entered into a contractual obligation to undertake and complete, within a reasonable time, a continuous program of construction or modification." (emphasis added) 40 C.F.R. \$60.2(i) (1977)

Lakeland has sought to qualify under the "contractual obligation" ground of this definition.

The first element of this ground requires a showing that there is a contractual obligation for NcIntesh Unit 3. The materials reviewed include a January 11, 1978, B&W "Proposal" to Lakeland, in response to an earlier request for bids on Lakeland Specification No. 3297-1-3200 and 7 addends thereto. This Proposal included a boiler arrangement drawing, a boiler platform arrangement drawing, drawings on the boiler precipitator and SO₂ scrubber, a boiler performance summary sheet, and a schedule of shipping dates for the boiler and related apparatus. In response to this proposal, on March 21, 1978, Lakeland sent B&W a letter of intent to purchase

the boiler in accordance with the earlier Lakeland Specification and the B&W Proposal. The letter of intent also accepted the Esk price of \$35.55 million for the boiler and related apparatus. A schedule of cancellation charges was also specified in the letter of intent. Under that schedule, if Lakeland had cancelled its intent to purchase on September 13, 1978, cancellation charges would have been \$500,000.00. This is a significant amount showing that the letter of intent was not a contract terminable at little or no cost, thus indicating that it was a contractual obligation. See "Decision of the General Counsel on Natters of Law Pursuant to 40 C.F.R. §124.36(m), No. 46", at 19 (June 30, 1976). In reliance on this letter of intent, Baw started engineering work on the subject boiler on March 21, 1978. Final decisions on arrangement and decign of the boiler, precipitator, and scrubber, were made by July 28, 1973. By September 1, the majority of the subcontracted components had been purchased by B&W. B&W considers itself presently bound, and bound since the March 21, 1976, letter of intent, to the shipment dates set forth in its Proposal. In light of the above-mentioned factors, we conclude that there was a "contractual obligation" for the BoIntosh Unit 3 boiler as of the Soptember 19 deadline.

The second element of the "contractual obligation" ground is that the contractual obligation be one to complete construction of the boiler within a reasonable time. Under the construction schedule set forth in the BAL Proposal, final shipment of the main structural steel and platform steel will occur in October, 1979; final shipment of the steam drum and pressure parts will occur in December, 1979; and final shipment of most of the other components by May, 1960. The December 20, 1978, letter from BAL (attached) states that the Company still considers itself bound to meet this schedule. We thus conclude that the contractual obligation was one to complete construction within a reasonable time.

The third and final element of the "contractual obligation" ground is that the contractual obligation provide for a continuous program of construction. The construction schedule contained in the Proposal, together with the December 20, 1978, letter from BaW describing work on the boiler since March 21, and stating that the Proposal schedule is still binding, together satisfy this element.

William R. Phillips Assistant Regional Counsel

Enclosure



January 9, 1979

William R. Phillips, General Counsel U. S. EPA, Region IV 345 Courtland Street Atlanta, Georgia 30308

Dear Mr. Phillips:

In re: City of Lakeland McIntosh Power Plant Unit 3 Non-Applicability of New NSPA

Pursuant to your request, I do herewith enclose two copies of schematic construction schedule revised as of May 10, 1978. This schedule had been developed by C. T. Main, the City's consulting engineer. I trust this answers any questions you have previously raised in our telephone conversation of several days ago.

Based upon your conversation with me, it is my understanding that you have made the determination on behalf of EPA that the McIntosh Power Plant Unit 3, i.e. 364 MW Unit No. 3, will be considered a pre-existing source, and therefore, not subject to the proposed New Source Performance Standards. If my understanding be in error, please advise. Let me add that I feel that your determination is fully in accordance with the proposed rule in that clearly the City of Lakeland had established contractual obligations well in advance of September 19, 1978. We are, however, gratified to learn of your determination in this regard.

Should you desire any further information whatsoever, please feel free to call upon me at any time. It has been a pleasure working with you on this issue and the City does appreciate the many courtesies you extended during this period of time.

Very truly yours,

Stephen C. Watson Special Counsel

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C. D. McINTGSH POWER PLANT
LEVEL 1 - CONSTRUCTION SCHEDULE
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