

Toquop Energy LLC

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March 7, 2008

VIA CERTIFIED MAIL AND FACSIMILE

Rod A. Moore
Nevada Division of Environmental Protection
Bureau of Air Pollution Control
901 South Stewart Street, Suite 4001
Carson City, Nevada 89701-5249

Re: Toquop Energy Project
Comments on Draft Air Quality Operating Permit No. 4911-1146 FIN#A0381

Dear Mr. Moore:

Sithe Global, LLC (Sithe) submits the following comments on the Draft Air Quality Operating Permit, No. 4911-1146 FIN#A0381, for the Toquop Energy Project (TEP). We commend the Nevada Division of Environmental Protection (NDEP) in its efforts to issue the permit in a timely fashion.

This permit contains some of the most stringent emission-control requirements for any coal-fired power plant in the United States, and Sithe is committed to building and operating TEP to meet these requirements. As determined by NDEP, TEP will not cause or contribute to any exceedence of any applicable federal or state ambient air quality standard or increment exceedence under the prevention of significant deterioration program (PSD Program) under the Clean Air Act.

Sithe's comments on the draft permit and supporting documents are as follows:

1. Sithe requests that NDEP find that the emission requirements in this permit represent a case-by-case Maximum Achievable Control Technology (MACT) for mercury emissions. The Best Available Control Technology (BACT) analysis, which is incorporated into the technical support document for the draft permit, finds that the proposed fabric filter and PM emission rate represents a case-by-case MACT for non-mercury metallic hazardous air pollutants (HAPs). There is no reason why NDEP could not make the same finding for mercury. TEP is being designed to meet the recently

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published New Source Performance Standard (NSPS) limit for mercury of 66.0×10^{-6} lb/MWh. Mercury reductions will be obtained through SCR, in the filter cake of the fabric filter itself, and finally through humidification, cooling, and impingement in the wet FGD system. These control systems represent state-of-the-art controls and should be determined to be MACT for mercury. Sithe requests that the permit or permitting documents include a finding that all emission sources of hazardous air pollutants meet MACT as determined on a case-by-case basis.

2. In Section III. General Operating Conditions, Sithe requests that NDEP include the provisions of NAC 445B.233, Excess emissions: Determination of violation. NAC 445B.233 is effective in the State of Nevada and must be included in the TEP permit.

3. In the description of the emission sources in Sections V. A., B., C., D., and E., NDEP should specify in the permit that these descriptions are not enforceable terms. Sithe requests that NDEP insert the following language after every description, "This is solely a description of the source and any specifications in this description are not enforceable."

4. In Paragraphs V.A.2.a.(22)-(24), Sithe requests that the BACT emission limits for Hydrogen Fluoride (HF) and Hydrogen Chloride (HCE) be expressed in a manner to provide two compliance options. The first option would be the lb/hr or lb/mmBtu limit as currently in the permit. The second option would be a percent reduction requirement. Providing this alternative will accommodate short intermittent periods when the chlorine and fluorine concentrations in the coal are higher than normal, which is not in the control of source. The percent removal requirement will also ensure that the pollution controls are properly operated to maximize emission reductions of HF and HCE. Sithe requests that the BACT limit for HF and HCE and fluorides be expressed as either meeting the emission rates as in the permit or achieving a 98% reduction of HCL, HF, and fluoride.

5. Sithe requests that NDEP delete the requirement in Paragraph V.A.3.b. This provision limits the maximum operating heat input of the boiler to 6,048 million BTU per any one-hour period. This is an unnecessary and unreasonable constraint on the operation of the facility and is inconsistent with the Clean Air Act and PSD Program. TEP has some of the most stringent emission limits in the United States and there is no need to constrain its operations.

6. Sithe requests that the last word in Paragraph V.A.4.b.(1)(ii) be changed from "and" to "or" to be consistent with the NSPS requirements. The requirement of 40 C.F.R. 60.48Da(o)(4) to install and operate a bag leak detection system is in lieu of the requirements of 40 C.F.R. 60.48Da(o)(2) that require establishing baseline parameters and possibly performing additional stack tests. There is no legal basis for including both requirements. As currently written, this provision is much more stringent than the NSPS and would impose a substantial burden on the source.

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7. In Paragraph V.4.c.(5), Sithe requests the same compliance flexibility for SO₂ CEMS provided under Paragraph V.A.4.c.(8) for NO_x CEMS. This flexibility is intended to eliminate potential inconsistencies between Parts 60 and Parts 75 compliance assurance requirements. Sithe also requests that the provisions relating to excluding data substituted using the missing data procedures in subpart D of part 75 and that data shall not be bias adjusted for purposes of Part 60 compliance be incorporated into Paragraph V.4.c.(5) for SO₂ CEMS. The same flexibility is requested for O₂ CEMS requirements listed under Paragraph V.A.4.c.(10).

8. Sithe requests that reference to flue gas recirculation under Paragraphs V.B.1.a. and V.C.1.a. be removed from the draft permit. Sithe wants to maintain flexibility in the consideration of various boiler designs and vendors and ensures equipment selection based on the offered vendor guarantees that the boilers will meet the best available control technology limits established in the final permit.

9. In Paragraphs V.B.3.b. and V.C.3.b., Sithe requests to remove the annual hours of operations limit (550 hours per year) and replace that with an annual fuel consumption limit. 550 hours of operation at a maximum fuel consumption of 631 gallons per hour equates to a maximum of 347,050 gallons per year. Sithe Further asks that this limit applies after the performance of compliance testing required by Paragraphs V.B.4.b. and V.C.4.b. During the initial start up of the facility, the auxiliary boilers may need to run for somewhat longer period to allow sufficient time for equipment shakedown and tuning.

Paragraph V.B.3.b. and Paragraph V.C.3.b. should be revised as follows:

"b. Following Compliance Performance Testing required by Section V.B.4.b [and V.C.4.b.], the maximum allowable distillate fuel consumption rate for S2.002 shall not exceed 347,050 gallons per year."

10. The requirement in Paragraphs V.b.4.b. and V.C.4.b. to conduct compliance performance testing within 100 operating hours is difficult to achieve and may not provide sufficient time for boiler shakedown and tuning. Consistent with NSPS, Subpart A, Sithe requests to have up to 180 calendar days from initial start up to conduct the performance testing. The applicable permit condition could be revised as follows:

"Within the later of 100 operating hours, or 180 calendar days from the notification of initial start up of S2.002, as required by Section II.A.3, the permittee shall. . ."

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11. Several provisions in Section V.C.4.b. are miss-numbered and should be corrected.

12. In Paragraph V.N.1.a., Fly Ash Silo Operations, the maximum volumetric flowrate should be 3,500 dscfm not 4000 dscfm. This is consistent with the submitted application and the associated impacts modeling. Please correct the volumetric flow rate.

13. In Paragraph V.N.3.a., Fly Ash Silo Operations, the maximum allowable loading rate should be 200 tons of fly ash per hour not 100 tons per hour. This is consistent with the submitted application and the associated impacts modeling. Please correct the maximum allowable loading rate.

14. Paragraph VII.B.1.d., Emergency Coal Storage Pile, should be removed. The facility will not have an emergency coal storage pile. The facility will only have an active storage pile and an inactive storage pile. Sithe requests the removal of condition VII.B.1.d.

15. On the Class I Non-Permit Equipment List, there should be two 14,000 Gallon Lube Oil Storage tank, not one. Please correct the list to include two 14,000 gallons Lube Oil Tanks.

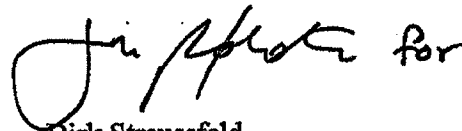
16. The equipment list presented in the Director's Review and Preliminary Determination document indicates that the project will have one quicklime silo. This is not correct. The project will have two quicklime silos. The number of quicklime silos is accurately represented in the draft permit. The correction should only be made to the Director's Review and Preliminary Determination document.

17. In the first paragraph of the Director's Review and Preliminary Determination document, please insert the date of December 21, 2007 for the date that NDEP made the determination of completeness for the TEP PSD Class I Operating Permit to Construct Application.

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Sithe appreciates the opportunity to provide comments on the draft permit and very much appreciates NDEP's efforts to date. Please feel free to contact me at (713) 499-1155 should you have any questions on these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk Straussfeld for". The signature is written in a cursive style with a large initial "D".

Dirk Straussfeld
Executive Vice President
Sithe Global Power LLC
Toquop Energy LLC