



Virginia Stephens  
10/01/2001 10:20:09 AM

Record Type: Record

To: Andrea Sarzynski/WHO/EOP@EOP

cc:

Subject: CEQ request for comments on improving federal agency review of permits.

----- Forwarded by Virginia Stephens/CEQ/EOP on 10/01/2001 10:23 AM -----



Thomas Hernandez <tlhernandez@tecoenergy.com>  
09/26/2001 05:30:33 PM

Record Type: Record

To: Edward A. Boling Energy Task Force/CEQ/EOP@EOP, rloughery@eei.org

cc: Regan Haines <rbhaines@tecoenergy.com>

Subject: CEQ request for comments on improving federal agency review of permits.

---

CEQ request for comments on improving federal agency review of permits for energy-related projects

### Streamlined Siting Process

In Florida, most federal environmental programs have been delegated to the state level. What this means is that the Environmental Protection Agency (EPA) has delegated authority to issue the applicable air and water permits to the Florida Department of Environmental Protection (DEP).

When siting a new power plant, the current process in Florida follows the Power Plant Siting Act, which provides a one-stop shop to identify all of the necessary permits to site, construct and operate a new facility. The process works fairly effectively, in that all permits are achieved through this process. The EPA and local agencies are part of the process and may comment on the permits, but since the DEP has delegated authority to issue the applicable air and water permits, the need to go back and forth between agencies is minimized. Similarly, when siting a new transmission line, the current process in Florida uses the Transmission Line Siting Act, which provides a one-stop shop to identify all of the necessary permits to site, construct and operating transmission lines.

This concept of a "one-stop shop" to obtain the appropriate environmental permits is one that would be useful across the United States. In locations where a facility must obtain federal, state and local permits, each in isolation, the process can be onerous and difficult to decipher for new entrants in the market.

### Regulatory Certainty:

Another aspect of permitting that should be reviewed is providing regulatory certainty to existing facilities and new entrants into the market. Environmental requirements (emission control devices, thermal discharge studies, etc.) are a significant portion of the capital costs of any new facility and the prospect of

additional requirements being added shortly after operations begin definitely slow the implementation of new projects or expansion of existing projects

For example, over the past several years the EPA has revised its interpretation of the New Source Review (NSR) rules governing existing facilities. This has led to the filing of numerous lawsuits by the EPA/Department of Justice on utilities. In Tampa Electric's case, the outcome was the Consent Decree, requiring the repowering of much of Gannon Station and operational restrictions at Big Bend leading to lowered emission rates. The EPA's new interpretation led to facilities nationwide avoiding basic maintenance work on their facilities for fear that EPA would require additional permitting and emission limitations per NSR.

To resolve issues such as this, the concept of a safe harbor should be introduced to protect new and existing facilities from changing interpretations and regulations. One option that has been discussed on the state and federal level is to set a time frame, say 15 years, in which the facility would not be required to make upgrades to meet changing interpretations or regulations. Once the established time frame had been passed, the facility would undergo an evaluation to determine if upgrades were necessary to bring the facility "up to code" and would not have to revisit the issues until similar time frame had passed. This would provide protections to investors that the facility would be competitive and that payback on the investment could be achieved on the project, but also meet the environmental goals of not allowing plants to operate continuously with out of date equipment and emissions limits set years before.

On the federal level, there is a current movement to reform NSR or do away with it altogether, replacing it with a new multi-pollutant rule. The new multi-pollutant rule (for NOx, SO2 and Hg) would require all coal fired units, not just the ones under scrutiny by the EPA, to meet lower emission limits. Tampa Electric has supported the concept publicly and most proposals track closely with our Consent Decree, with exception of the Mercury provisions.

If you should have any questions regarding this information, please contact our Director - Engineering Services , Regan Haines, telephone # (813) 228-4407.