

tain a copy of the most recently approved PSD/NSR permit issues by Ohio and use that permit as our template for developing the draft permit. We can have the draft AQ permit ready for publication in the same time frame as Beech Hollow if the modeling is approved by Harrisburg. Like Beech Hollow, the FLMs have expressed an interest in this project, as SO2 mitigation credits will likely be needed. We are hopeful that First Energy will be willing to use emission reductions from its Bruce Mansfield scrubber upgrades as the first scrubber upgrade could cover all of Sun Coke's SO2 emissions.

Greene Energy also has two permit components for the twin CFB boilers. Mining will handle the mining and reclamation of the coal refuse pile at the site. The AQ application has been placed at a lower modeling priority than Sun Coke as we have learned that the site is just outside the designated Pittsburgh PM 2.5 NA area. The urgency of an April 4th permit issuance deadline is no longer looming. As a consequence, Sun Coke moves up on the modeling review priority over Greene Energy. Like the previous two applications, the FLMs also have expressed interest in this site. If First Energy works we could allocate the last two scrubber upgrades from Bruce Mansfield to Greene Energy. We may still need reductions from ZCA. I have pushed ZCA to the lowest level of availability pending resolution of a policy dispute with our CO staff and EPA Region III on interpretation of a permit flexibility provision involving 127.448. That issue involves a policy interpretation of whether an "emission cap" referenced in 127.448 is a TPY limit or the categorical regulatory emission caps set forth in Chapters 123 and 129.

Another possibility if First Energy does not work out and our CO/Region III staff don't agree with our interpretation of 127.448 for ZCA is to try and work with Allegheny Energy to provide SO2 reductions over current levels with the use of additional low sulfur coal to cover the needs of all three projects- around a 10,000 tpy reduction over existing SO2 emission rates at Hatfield. Reductions over current levels are needed because the FLMs claim that these new facilities impact visibility without regard to background sources. This reduction would be independent of our PSD/NSR claims and any emission standards we may develop as a result of the PM 2.5 designations.

-----Original Message-----

From: McGinty, Kathleen
Sent: Monday, January 24, 2005 5:09 PM
To: Bowman, Kenneth; Fidler, Thomas
Subject: the "gang of four"

guys--want a quick update on all of the four priority projects we are trying so hard to move. my phone now is ringing off the hook with legislators who are concerned re the april 5th deadline and inquiring where these projects are.

my questions are: what are the remaining permitting issues w ea of them? do we have the modelling underway/done on ea that is required? and what is our level of confidence now that we have the necessary emission reductions in hand?