



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JUL 06 2009

Bob Greene, P.E.
Director, Plant Manager
SUEZ Energy Generation, N.A, Inc.
Hopewell Cogeneration Facility
1114 Hercules Road
Hopewell, Virginia 23860

OFFICE OF
AIR AND RADIATION

Dear Mr. Greene:

This letter is U.S. EPA's determination concerning the applicability of the Acid Rain Program, under § 72.6(c) of the Acid Rain regulations, for Hopewell Cogeneration Facility (Hopewell Cogeneration) in Hopewell, Virginia. This determination is in response to SUEZ Energy Generation, NA, Inc.'s (SUEZ's) petition for an applicability determination dated October 13, 2008 under §72.6(c).

According to SUEZ, Hopewell Cogeneration (ORISPL number 10633) has been a qualifying facility since it began commercial operation on August 1, 1990 and consists of three natural-gas-fired combustion turbines (ABB--Type 11N) and a steam turbine (ABB), with a total nameplate capacity of 364 MWe.¹ Each combustion turbine has a rated heat input capacity of 1143.6 mmBtu/hr² and uses No.2 fuel oil as an alternate fuel; the steam turbine is rated at 97 MWe³. SUEZ stated that the facility is a topping-cycle cogeneration facility because the combustion turbines produce electricity, the exhaust gas from the turbines is recovered in unfired Nooter Eirkson heat recovery steam generators and used to produce steam, and some steam (along with some electricity) is sold to an industrial facility for use in manufacturing operations and space heating. Some steam is also used by Hopewell Cogeneration's steam turbine to produce additional electricity. Hopewell Cogeneration currently sells electricity to Virginia Electric and Power Company. See SUEZ's October 13, 2008 petition at 1-2; see also CRSS Hopewell Cogenerators, 38 FERC 62,326 (1987) (holding that combustion turbine, heat recovery steam generator, and steam turbine to be constructed to provide steam for industrial processes and space heating in Hopewell, Virginia will meet requirements for qualifying cogeneration facility); Hopewell Cogeneration Inc., 41 FERC 62,221 (1987) and Hopewell Cogeneration Limited Partnership, 43 FERC 62,351 (1988) and 49 FERC

¹ The facility also includes two auxiliary Babcock and Wilcox boilers and two Caterpillar 1,500 KW emergency diesel generators, which SUEZ stated are not used for the generation of electrical power for sale.

² As described in a Virginia Article 1 – Federal Operating Permit, Title V Permit, Permit Number PRO50967

³ The nameplate capacity of each of the three natural-gas fired combustion turbines is 89 MWe. The nameplate capacity of the steam turbine is 97 MWe (as provided by SUEZ via e-mail sent on June 16, 2009)

62166 (1989) (holding that, with changes in ownership and number of turbines and heat recovery steam generators, facility will still meet requirements for qualifying cogeneration facility). According to SUEZ, Hopewell Cogeneration “does not and has never employed any ‘auxiliary firing’ of fuel for the [heat recovery steam generators].” SUEZ’s October 13, 2008 petition at 2.

SUEZ’s petition asserted that each combustion turbine at Hopewell Cogeneration would qualify for two different exemptions from inclusion in the Acid Rain Program: (1) the exemption for simple combustion turbines under §72.6(b)(1); and (2) the exemption for qualifying facilities with power purchase commitment as of November 15, 1990 under §72.6(b)(5). SUEZ noted the possibility that Hopewell Cogeneration may decide to relinquish its status as a qualifying facility and requested that EPA determine whether the loss of qualifying facility status would affect whether the three combustion turbines generators would qualify for the exemption for simple combustion turbines.

EPA’s Determination

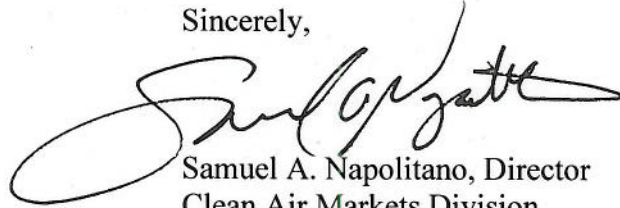
Under the Acid Rain regulations, “a simple combustion turbine that commenced commercial operation before November 15, 1990” is excluded from being an affected unit under the Acid Rain Program unless it subsequently “adds or uses auxiliary firing.” 40 CFR 72.6(a)(3)(iii) and (b)(1). According to SUEZ, the three combustion turbines at Hopewell Generation commenced commercial operation (i.e., began producing electricity for sale) on August 1, 1990, thereby meeting the November 1, 1990 cutoff date for the exemption for simple cycle combustion turbines. Moreover, SUEZ stated that Hopewell Generation does not and has never used auxiliary firing for the heat recovery steam generators. EPA understands this to mean that there is not, and has not been, any auxiliary firing occurring after the combustion turbines and before or as part of the heat recovery steam generators at the facility. Relying on the accuracy and completeness of this information provided by SUEZ about the three combustion turbines, EPA concludes that the combustion turbines meet the requirements for the exemption under §72.6(b)(1), whether or not the combustion turbines are qualifying facilities meeting the criteria for a different exemption under §72.6(b)(5) (exemption for a qualifying facility).

If, at any time in the future, the facility begins to use auxiliary firing after any of the combustion turbines and before or as part of any of the heat recovery steam generators, the combustion turbine involved will no longer be a simple combustion turbine exempt from the Acid Rain Program under §72.6(b)(1). If no other exemption under §72.6 is applicable to the combustion turbine, that turbine will become an affected unit subject to all Acid Rain Program requirements, including the requirements to hold allowances covering sulfur dioxide emissions, to monitor and report emissions, and to have an Acid Rain permit.

In responding to SUEZ’s request for an applicability determination concerning the application of §72.6(b)(1), EPA is not addressing, and does not imply any determination concerning, the past, present or future application of any other exemption under §72.6 (including §72.6(b)(5)) to the Hopewell Cogeneration. The determination concerning §72.6(b)(1) relies, and is contingent, on the accuracy and completeness of the

representations in SUEZ's October 13, 2008 petition for an applicability determination and the June 16, 2009 supplemental submission and is appealable under 40 CFR part 78. The applicable regulations require you to send copies of this letter to each owner or operator of Hopewell Generation's combustion turbines (40 CFR 72.6(c)(1)). If you have further questions regarding the Acid Rain Program, please contact Jenny Jachim (at (202) 546-9590) of EPA's Clean Air Markets Division.

Sincerely,



Samuel A. Napolitano, Director
Clean Air Markets Division

cc: Kathleen Anderson, Chief, Technical Assistance and Permitting Branch,
U.S. EPA Region 3

James Kyle, Air Permits Manager,
Virginia, DEQ, Piedmont Regional Office