

#041236
submitted by
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New Air Quality Regulations

Presentation to the Gainesville City Commission

By
Gainesville Regional Utilities
April 25, 2005



TIMELINE

| DATE | DETAILS |
|------------|--|
| 2002 | Initial discussions of potential SO ₂ , NO _x , & Mercury legislation |
| Dec 2003 | Published IRP, considered potential legislation and regulations |
| Sept 2004 | City Commission presentation on potential legislation and regulations |
| March 2005 | Final EPA rules published, "Cap and Trade" |
| 2009 | Phase I requirements for NO _x must be met |
| 2010 | Phase I requirements for SO ₂ and Mercury must be met |
| 2015 | Phase II requirements for SO ₂ and NO _x must be met |
| 2018 | Phase II requirements for Mercury must be met |

Options to Meet New Requirements

- Retrofit Deerhaven 2 (increases costs and decreases capacity)
- Deerhaven 2 Fuel Conversion to burn Natural Gas rather than Coal (high fuel cost and larger decreases in capacity)
- Purchase Emission Credits (increases in cost, no local emission reductions and no decrease in capacity)

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Staff Preliminary Recommendation

- **Retrofit of Deerhaven 2**
 - Selective Catalytic Reduction (SCR) for NO_x by January 1, 2009
 - Scrubber for SO_2 by January 1, 2010

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SOLID FUEL GENERATION IN QUEUE

| COMPANY | IN SERVICE | MW |
|--|-------------------|-----------|
| Orlando/Southern Co. (IGCC) | 2011 | 285 |
| Florida Power & Light (SC) | 2011 | 850 |
| | 2012/13 | 850 |
| Seminole Electric Cooperative (SC) | May 2012 | 750 |
| Public Power Partnership Project (SC) | 2011 | 600+ |

IGCC: Integrated Gasification Combined Cycle, SC: Supercritical Pulverized Coal

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Timing of Retrofit to Meet Requirements

- Global demand for SCRs and Scrubbers for retrofits and new units could cause delays
- Issuance of an RFP for Deerhaven 2 emissions retrofit
 - begin by August 2005

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Staff Recommendation

The City Commission change the May 12 Workshop to Special City Commission meeting to provide staff with:

- Direction regarding an independent project review
- Direction regarding new regulatory requirements for SO₂, NO_x, & Mercury