



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

The Honorable John Paul Woodley
Secretary of Natural Resources
Ninth Street Office Building Rm. 733
209 North Ninth Street
Richmond, VA 23219

Dear Secretary Woodley:

Deregulation of the electric utility industry in the Mid-Atlantic states has significantly increased the number of green field sites being developed for power generation. I know you share my concern that this development proceed in a manner that protects public health, the quality of life, and the natural resources of the Commonwealth of Virginia and its citizens.

The jurisdiction of the Northern Virginia Regional Office of the Department of Environmental Quality (DEQ) is a particularly sensitive geographical area because of its proximity to both the Metropolitan Washington ozone nonattainment area and Shenandoah National Park. Major sources locating in this area have an obligation under the Clean Air Act's Prevention of Significant Deterioration (PSD) program to install Best Available Control Technology. The Clean Air Act requires that air quality analyses be performed to assess the impact of emissions from any new facility, whether major or minor, to insure protection of the National Ambient Air Quality Standards (NAAQS) and applicable PSD increments. In addition, major sources are required to satisfy certain PSD provisions with respect to Class I areas, including protection of air quality-related resources and values such as visibility.

The Environmental Protection Agency (EPA) has recently worked with the air permitting staff of your Northern Virginia Regional Office in Fredricksburg on a permit application from Virginia Power to construct a 750 MW power plant in Remington, Virginia. This facility is intended to provide power during peak demand periods such as the summer months. The permit issued by the DEQ on June 25, 1999 establishes enforceable limits to define the proposed facility as a minor source and thereby allow it to avoid the requirements of the Virginia State Implementation Plan's federally approved regulations for PSD. A facility which, absent these limits, would otherwise be defined as a major source given its design capacity is commonly termed a "synthetic minor." It has come to our attention that Virginia Power, as well as other power generation companies, intend to submit or have already submitted additional applications for similar peaking operations in the same geographic area. These proposed facilities are also likely to seek limitations that will allow them to emit pollutants up to but not exceed the applicability threshold for triggering PSD.

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I am concerned that a pattern of development is emerging, either through design or circumstance, that could circumvent the level of protection that Congress intended in crafting the PSD program. It is conceivable that the permitting of many "synthetic minor" sources in a limited geographic area could result in emissions increases that would otherwise have been controlled and assessed through the PSD program. I am requesting that the Commonwealth take the following steps to ensure against unacceptable environmental impacts.

First, the cumulative environmental impacts of these plants must be assessed regardless of their major or minor status to ensure that individually and collectively they do not cause or contribute to a violation of the NAAQS and applicable PSD increments. The DEQ should use all credible information available in making this assessment, including ambient monitoring data and modeling analyses. Second, DEQ must evaluate whether the development of individual power projects are part of a larger strategy that would support the conclusion that they operate as one source. The DEQ's permitting staff should ask for documentation concerning long term plans for ownership and operation of individual projects, information on contractual agreements and voting interests, or contracts for service among owners and operators. Third, DEQ must be particularly attentive to any future request from a synthetic minor power generation source to relax the limitations that allowed PSD to be avoided. In such cases, DEQ must conduct a permitting review of the source as if it had not yet constructed and fully implement and impose all of the requirements of the PSD program.

Because of the potential impacts that growth in this sensitive area may have within and beyond the Commonwealth, EPA Region III is requesting that all major and minor permitting activity for green field power generation sources be shared with my staff during the public review process. My office is ready to provide any assistance yours may need to ensure that the level of protection intended by the Clean Air Act and the Commonwealth's own State Implementation Plan are fully implemented. If you have any questions, please feel free to contact me or have your staff contact Michael D'Andrea, Virginia Liaison Officer, at 215-814-5615.

Sincerely,

W. Michael McCabe
Regional Administrator