



PROJECT SCHEDULE AND AGREEMENT REGARDING MIRANT PRGS

PRESENTATION TO MWAQC

July 23, 2008





Agreement Between Mirant and Alexandria Regarding PRGS

- Two sides agreed in principle, on a settlement in June
 - *Thanks to mediation and guidance from Bruce Buckheit, SAPCB member having significant experience in negotiations with power plants*
- The City maintained its key positions throughout this negotiation, namely,
 - *Obtain a NAAQS-compliant $PM_{2.5}$ emission limit for PRGS*
 - *Maintain SO_2 emission limit of 3,813 tons/year (75% reduction compared to past operations)*
 - *Implement stack merge project in conjunction with additional $PM_{2.5}$ controls*
- City Council voted unanimously for the agreement



Agreement Summary

- Mirant will spend **\$34M** on PM controls
 - Capital improvements only (incl. Engineering Study)
 - Includes controls for stack and fugitive emissions
- Mirant will receive a **two-stack permit** from SAPCB
 - Can operate all 5 boilers instead of 3 presently
 - Receive dispersion credit
 - Emission limits more stringent than those in DEQ's December '07 proposed permit and include $PM_{2.5}$
 - Install PM and CO CEMS within 12 months
 - Install one additional ambient $PM_{2.5}$ monitor



Two-stack Permit

- Interim PM_{2.5} limits
 - 0.016 lb/MMBtu, 207 tons/yr
 - NAAQS compliance based on:
 - Allowing dispersion credit
 - Expected reduction in background concentrations
 - EPA's AERMOD model with EBD
- Final PM_{2.5} limits
 - Upon "Project" completion
 - PM_{2.5} stack tests
 - NAAQS compliance via EPA and Board/DEQ approval



Two-stack Permit (cont'd)

- Tighter annual PM_{10} limit (by 14%)
- Tighter short term SO_2 limit (by 8%)
- Tighter coal sulfur content limit (by 10%)
- Alternate sorbent requires permit modification
- Mirant to share data with City
 - PM & CO CEMS (at least for one year)
 - 5-minute ambient SO_2 data



“Project” Process

- Mirant’s stack merge schedule
 - Upon two-stack permit issuance
 - Boilers 3, 4, 5 in Fall/Winter 2008
 - Boilers 1, 2 in Winter/Spring 2009
- Escrow account for \$34 M
 - Upon start of stack merge, if no permit challenge
 - Interest to accrue in the account
- Mirant to drop its challenges on
 - June 2007 SOP, Permit requirement for stack merge
 - Document requests to City



“Project” Process (cont’d)

- City decides on how to spend \$34 M
- City involvement in “Project” with Mirant
 - Select Engineer
 - Evaluate engineering study
 - Select control technology
 - Recommend stack PM controls to Board for approval
 - Monitor “Project” implementation and testing
 - Mirant to allow access to City



Emissions Comparison (tons/yr)

Pollutant	2003 Actual Emissions	June 2007 SOP	Two-stack Permit
PM _{2.5}	~400	-	207 ¹
PM ₁₀	~600	-	325
SO ₂	~15,000	3,813	3,813
NO _x	~5800	3,700	3,700 (CAIR?)

¹PM_{2.5} limit might be less than 207 tons/yr after “Project” is complete



Discussion and Questions

Thank you

