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bcc
Subject Summary of 5/17/05 meeting

Hello Renee and Tom--Thank you for meeting with us on May 17th to discuss your draft BACT analysis and other issues. I just wanted to make sure that we have a common understanding of action items from our meeting. This may also help us prepare for our discussion tomorrow. As Gerardo and Kerry stated in the meeting, we just received the BACT analysis a few days before our May 17th meeting and are still reviewing it, and thus our comments were necessarily preliminary in nature. As Gerardo pointed out, California BACT is LAER, and thus to avoid confusion, I will refer to your document as the "technology analysis". In general, EPA is seeking a solid analysis which is robust and in sufficient detail to explain to EPA the technology choices that BHPBilliton (BHP) is proposing. We at EPA are continuing to review the analysis which was provided, and to collect relevant information. As we discussed, we need to understand BHP's reasoning in sufficient detail so that we can independently evaluate whether we agree with the conclusions that BHP has reached, so that the permit that we write is correct and legally defensible, and also so that we can discuss the final technology choices with the public. With that background, we understand that BHP will be providing further information regarding how you analyzed the technology choices available, what was considered, what was eliminated, and the reasons why options were selected and/or eliminated. In our meeting, the following summarizes the main points from our discussion and for which BHP needs to address:

* BHP's evaluation of existing facility operations in California and nationwide: BHP seems to have done more evaluation and in greater detail than was conveyed in the written documentation. If BHP is making decisions based upon information received from talking with other facilities and/or vendors, that information needs to be included in the written documentation provided to us.

* IC engines versus turbines: more detailed and specific analysis of the advantages and disadvantages in using of turbines. As we stated in the meeting, the written documentation provided by BHP looks at the IC engine versus turbine question in isolation, and does not address the possibility of using turbines for both power generation and to heat the exhaust from submerged combustion vaporization (SCV) units prior to treatment via SCR.

* SCR on the SCV: more detailed and specific analysis of why BHP rejected SCR on the SCV units. In our meeting, safety was an issue which was raised, and if that is the reason wh SCR is being eliminated then the analysis which led to BHP's conclusion should be provided. We understand that some areas are sensitive to discuss, but BHP's reasons for rejecting a particular technology should be stated and substantiated in the technology analysis with a level of detail that educates and can convince our technical experts.

* BHP's evaluation of the technology choices which Crystal Energy is proposing. In our meeting examples were cited by Tom Wood that made it seem that BHP had specifically

considered the option (turbine and SCR on the SCV) which Crystal Energy is proposing and rejected them as not technologically feasible, but the written document provided to EPA does not reflect this analyis. We understand that Crystal Energy is simply proposing an approach, and that is very different from having a facility operating utilizing that approach. However, it is very likely that the two projects will be closely compared. In addition to our current efforts to understand why the project proponents are proposing such different technologies, we anticipate the need to answer questions from the public comparing the two projects. Thus, we strongly encourage BHP to provide us with your analysis of why BHP concluded that the technology choices which Crystal Energy is proposing for their facility are not technologically feasible options for your facility.

Several of the points above are interconnected, but we wanted to provide you with our understanding of the areas where BHP will be providing EPA with further analysis for the technology analysis. As we emphasized in the meeting, we have not made any determinations at this time regarding what is and is not feasible. We are asking that BHP take a good hard look at ways to reduce emissions. From our meeting yesterday, BHP seemed to be saying that you have taken such a hard look, but the detail is not in the written documentation.

On the issue of emission reduction offsets/mitigation, we understand that BHP will be looking into getting EPA a more specific proposal, and we will be working on your question to us to examine the timing, steps and method to move forward once BHP presents a specific emission reduction proposal.

We look forward to meeting tomorrow. Should you have any questions, perhaps we can discuss them then.

Thank you.

Amy