



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING



STEVEN E. CHESTER  
DIRECTOR

April 7, 2009

Mr. David G. Koster, Power Resources Director  
Holland Board of Public Works – James DeYoung Plant  
64 Pine Avenue  
Holland, Michigan 49423

Dear Mr. Koster:

This letter is in reference to your Permit to Install application, identified as No. 25-07, State Registration Number B2357. The application, received on January 17, 2007, is for a proposed installation of a 78-megawatt (MW) (gross) circulating fluidized bed solid fuel-fired boiler and its associated cooling tower and material handling operations, and to cease operation/remove a 11.5 MW pulverized coal fired boiler from the existing James DeYoung Plant (proposed project). The facility is located at 64 Pine Avenue, Holland, Michigan.

In response to comments received during the public comment period and consistent with state and federal law, specifically Rule 1817(2) of the Michigan Air Pollution Control Rules and Section 165(a)(2) of the federal Clean Air Act, the Department of Environmental Quality (DEQ) is requesting that Holland Board of Public Works conduct an analysis of alternatives to the proposed boiler.

The analysis should consider alternatives that would reduce emissions of the criteria pollutants (nitrogen oxides, carbon monoxide, volatile organic compounds, particulate matter less than 10 microns, particulate matter, sulfur dioxide, and lead), hazardous air pollutants (including mercury), and carbon dioxide from the proposed boiler. The analysis should address cost, reliability, availability, and technical feasibility of the alternatives examined. Costs should be presented in a manner that facilitates a comparative analysis (i.e., cost per kw/hr for each option).

Alternatives raised in the public comments received during the public comment period on the Holland Board of Public Works draft permit that should be addressed in the analysis include the following:

1. Reduced generating capacity – Describe future energy requirements and the adequacy of existing supplies. Provide the basis for the proposed design and address whether a smaller boiler or no new boiler is a viable option in light of the other alternatives addressed.
2. Improve Efficiency at Existing Units – Describe the energy efficiency measures available at existing units owned or controlled by Holland Board of Public Works that are available to fully or partially offset the proposed boiler.
3. Potential Supply Resources – Describe the technologies considered for new generation including the consideration of renewable energy sources, clean fuels (primary fuel and fuel alternatives), lower emitting technologies, and purchasing power from another source.
  - a. Renewable Energy Sources (i.e., wood, other biomass, etc.).

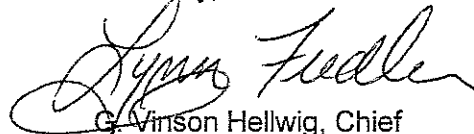
- b. Clean Fuels (i.e., lower sulfur coal, etc.).
- c. Lower Emitting Technologies.
  - i. Natural gas.
  - ii. Wind.
  - iii. Solar.
  - iv. Nuclear.
  - v. Combined Heat and Power.
  - vi. Other innovative/lower emitting fuel combustion techniques (natural gas combined cycle, supercritical CFB, supercritical or ultra supercritical PC).
  - vii. Sequestering Activities.
- 4. Demand Side Management/Demand Reduction – Describe load management, energy efficiency, and distributed generation as a means of affecting forecasted load requirements.
- 5. Combinations of the alternatives in items 1 through 4 above.

The DEQ and Michigan Public Service Commission (PSC) have recently entered into a Memorandum of Understanding (MOU) to identify each agency's role and responsibility regarding the alternatives analysis review and technical assistance. A copy of the MOU is enclosed for your information.

Please submit your analysis of items 1 through 5 above in writing. Upon submittal, the DEQ and PSC will make the information available for public comment. Comments received on the analysis will be considered and responded to as part of the overall permit review process. Completion of the review process and a decision on the application is anticipated by the last quarter of 2009.

If you have any questions, please feel free to contact Ms. Mary Ann Dolehanty, Acting Permit Section Supervisor, Air Quality Division, at 517-373-2098 or you may contact me.

Sincerely,



G. Vinson Hellwig, Chief  
Air Quality Division  
517-373-7069

ACTING

Enclosure

cc: Mr. Paul Proudfoot, PSC  
Ms. Mary Ann Dolehanty, DEQ  
cc/enc: Mr. Charles Denton, Barnes, & Thornburg, LLP  
Mr. Jeff Jaros, NTH