



# Settle and Associates LLC

April 16, 2008

Dominion Virginia City Hybrid Energy Center  
c/o Cindy M. Berndt  
Department of Environmental Quality  
P.O. Box 1105  
Richmond, VA 23218

I am concerned and disappointed that the Virginia Air Pollution Control Board [VAPCB] has made the unprecedented decision to take away the permitting authority for the Virginia City Hybrid Energy Center from the environmental professionals at the Department of Environmental Quality [DEQ].

I am also sure that everything possible will be done to provide the technical and other information that the individual members have requested in connection with the project.

I am expressing my concerns because of the following circumstances.

Because Virginia is the second-largest importer of electricity in the country, there is an urgent need to build more dependable electric generation facilities in the state. This is essential to controlling costs for Virginia consumers over the long run as well as for increasing our nation's energy security and lessening our dependence on foreign energy supplies. Any extended delays in granting this project an air permit will almost certainly result in very significant increases in costs to both Dominion and its customers as a product of construction contracts having to be renegotiated. Dominion and others have worked for more than two years and spent over \$6 million on studies, modeling and other expenses related to the air permit, not to mention the costs incurred by state agencies, ratepayers and taxpayers.

All of the evidence has shown that this 585-megawatt station, scheduled to begin operation in 2012 will meet or exceed all applicable environmental laws and regulations.

This project has received broad support from local, state and federal elected officials, business leaders and local community and business leaders. In Virginia, the General Assembly passed legislation in 2004 calling for the power station to be built and requiring it to burn Virginia coal. The completion of the project is included in Gov. Kaine's Virginia Energy Plan and its construction and operation has been deemed in the public interest by the State Corporation Commission [SCC] in a recent decision.

The construction and operation of this facility will result in large net reductions in emissions of sulfur dioxide and mercury when combined with the planned conversion of two old coal-fired units at Bremono Power Station in Fluvanna County to natural gas fuel.

Emissions of nitrogen oxides, carbon dioxide and particulates from Bremono also would be reduced. Without the construction of the Virginia City station, the Bremono conversion would be impossible.

Agreements between Dominion and the U.S. Forest Service to reduce or offset half of the permitted sulfur dioxide emissions from this project resulted in their removing their once planned opposition.

Dominion has sited this facility and chosen the best technology to meet a number of environmental and cost goals such as:

- (1) Carbon-capture compatibility will be built into the station and carbon-capture technology will be installed when it is commercially available. Research underway at Virginia Tech promises to enable permanent storage of carbon dioxide emissions in coal seams that are plentiful near the station.
- (2) The circulating fluidized bed (CFB) combustion technology being used has been shown to be cleaner than the nation's two operating integrated gasification combined cycle (IGCC) power stations.
- (3) The flexibility to use a variety of fuel types provides many benefits including reduction of the contamination of streams by waste coal and burning waste wood, a renewable resource.
- (4) Locating the facility near its fuel sources reduces fuel costs.

In addition, the major economic development benefits for Southwest Virginia include:

- (a) Creation of about 800 construction jobs, 75 permanent plant operations jobs and an annual payroll of over \$4 million.
- (b) The facility will consume 2 million tons of coal annually from Virginia mines — creating 350 mining jobs.
- (c) It will result in from \$4 million to \$6 million a year in local tax revenues.

The benefits cited above should be given every consideration when arriving at a decision on granting the Prevention of Significant Deterioration (PSD) and Maximum Achievable Control Technology (MACT) permits for the Virginia City Hybrid Energy Center.

Thank you for your kind consideration.

Richard L. Settle

A handwritten signature in black ink, appearing to read "Richard L. Settle". The signature is written in a cursive style with a large initial 'R' and a distinct 'L'.

Settle and Associates LLC

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