

PUBLIC NOTICE OF INTENT TO ISSUE AIR PERMIT

Florida Department of Environmental Protection
Division of Air Resource Management, Bureau of Air Regulation

Draft Air Permit No. 0550061-001-AC / PSD-FL-406
Highlands Ethanol, LLC, Highlands Ethanol Facility
Highlands County, Florida

Applicant: The applicant for this project is Highlands Ethanol, LLC. The applicant's authorized representative and mailing address is: Charles F. Davis III, Sr. Vice President, Highlands Ethanol, LLC, 55 Cambridge Parkway, 8th Floor, Cambridge, Massachusetts 02142.

Facility Location: Highlands Ethanol, LLC proposes to construct the new Highlands Ethanol Facility (HEF), which will be located in Highlands County, north of State Road 70 and approximately 1.7 miles east-northeast of Brighton, Florida.

Project: The feedstocks for the HEF will be dedicated energy crops, such as energy cane and forage sorghum, grown on adjacent farmland. The cellulose and hemicellulose in the crops will be converted to sugars that will be fermented to produce fuel ethanol. The ethanol will be subsequently denatured with gasoline to produce up to 41.5 million gallons per year of the denatured ethanol product.

The project will be the first large commercial application of a cellulosic ethanol process. Per 403.061(18), F.S., the Department has the power and the duty to encourage and conduct studies, investigations, and research relating to pollution and its causes, effects, prevention, abatement, and control.

The HEF will generate its own process steam fuel consisting of biomass (stillage cake) from the fermentation and distillation steps and biogas from the on-site wastewater treatment plant. Natural gas will be used as stabilization fuel in the biomass boiler and as fuel in a backup non-biomass boiler. Ultralow sulfur diesel (ULSD) fuel oil (FO) or propane will be used if natural gas is not available and as fuel in the emergency engines.

Based on the air permit application, the project will result in emissions increases of: 192 tons per year (TPY) of carbon monoxide (CO); 156.5 TPY of nitrogen oxides (NO_x); 33.6 TPY of particulate matter (PM); 33.6 TPY of PM with a mean diameter of 10 micrometers (µm) or less (PM₁₀); 24.7 TPY of PM with a mean diameter of 2.5 µm or less (PM_{2.5}); less than 7 TPY of sulfuric acid mist (SAM); 104.1 TPY of sulfur dioxide (SO₂); 71.3 TPY of volatile organic compounds (VOC) and 0.1 TPY of lead (Pb). As defined in Rule 62-210.200, F.A.C., the project results in PSD-significant emissions increases for CO, NO_x, PM, PM₁₀, PM_{2.5}, SO₂, and VOC.

The Department reviewed an air quality analysis prepared by the applicant. The PSD increment represents the amount that new sources in an area may increase ambient ground level concentrations of a pollutant from a baseline concentration. The table below shows the maximum predicted annual and maximum predicted high, second high short term average PSD Class II area impacts from this project and other increment-consuming sources in the vicinity of the proposed project in micrograms per cubic meter (µg/m³). Nitrogen dioxide (NO₂) is the species of NO_x that is modeled.

<u>Pollutant</u>	<u>Averaging Time</u>	<u>Allowable Increment (µg/m³)</u>	<u>Increment Consumed (µg/m³)</u>	<u>Percent</u>
NO ₂	Annual	25	8	32
PM ₁₀	24-hour	30	23	77
	Annual	17	5	29
SO ₂	3-hour	512	102	20
	24-hour	91	44	48
	Annual	20	9	45

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The nearest PSD-Class I area is the Everglades National Park located 154 kilometers from the site. Because of the distance, low emissions and minimal effect by the project alone, a more detailed PSD-Class I multisource air quality analysis was not required.

The Department has concluded that emissions from the project will not cause or contribute to a violation of any state or federal ambient air quality standards.

For each PSD-significant pollutant, the Department is required to determine the Best Available Control Technology (BACT) and evaluate the applicant's Air Quality Analysis regarding ambient impacts due to the project. The Department's preliminary BACT determinations for these pollutants from the key emissions units are based on: fabric filters and good combustion design and practices (PM, PM₁₀, and PM_{2.5}); selective catalytic reduction or selective non-catalytic reduction on the biomass boilers (NO_x); good combustion design and practices (CO and VOC); wet scrubbers on the fermentation process, storage tank design, and process equipment leak control (VOC); and limestone injection into the biomass boilers and use of low-sulfur fuels in ancillary equipment (SAM and SO₂).

The details of the Department's BACT determination and the air quality analysis are provided in the Technical Evaluation and Preliminary Determination document available at the following web link:

www.dep.state.fl.us/air/emission/construction/highlands/hightech.pdf

Permitting Authority: Applications for air construction permits are subject to review in accordance with the provisions of Chapter 403, Florida Statutes (F.S.) and Chapters 62-4, 62-210 and 62-212, F.A.C. The proposed project is not exempt from air permitting requirements and an air permit is required to perform the proposed work. The Florida Department of Environmental Protection's Bureau of Air Regulation is the Permitting Authority responsible for making a permit determination for this project. The Bureau of Air Regulation's physical address is 111 South Magnolia Drive, Suite 4, Tallahassee, Florida 32301 and the mailing address is 2600 Blair Stone Road, MS #5505, Tallahassee, Florida 32399-2400. The Bureau of Air Regulation's phone number is 850/488-0114.

Project File: A complete project file is available for public inspection during the normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday (except legal holidays), at address indicated above for the Permitting Authority. The complete project file includes the Draft Permit, the Technical Evaluation and Preliminary Determination, the application, and the information submitted by the applicant, exclusive of confidential records under Section 403.111, F.S. Interested persons may contact the Permitting Authority's project review engineer for additional information at the address and phone number listed above. In addition, electronic copies of these documents are available at the following web link:

www.dep.state.fl.us/Air/emission/construction/highlands.htm

Notice of Intent to Issue Air Permit: The Permitting Authority gives notice of its intent to issue an air permit to the applicant for the project described above. The applicant has provided reasonable assurance that operation of the proposed equipment will not adversely impact air quality and that the project will comply with all applicable provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-296 and 62-297, F.A.C. The Permitting Authority will issue a Final Permit in accordance with the conditions of the proposed Draft Permit unless a timely petition for an administrative hearing is filed under Sections 120.569 and 120.57, F.S. or unless public comment received in accordance with this notice results in a different decision or a significant change of terms or conditions.

Comments: The Permitting Authority will accept written comments concerning the proposed Draft Permit and requests for a public meeting for a period of 30 days from the date of publication of the Public Notice. Written comments must be received by the Permitting Authority by close of business (5:00 p.m.) on or before the end of this 30-day period. In addition, if a public meeting is requested within the 30-day comment period and conducted by the Permitting Authority, any oral and written comments received during the public meeting will also be considered by the Permitting Authority. If timely received comments result in a significant change to the Draft Permit, the Permitting Authority shall revise the Draft Permit and require, if applicable, another Public Notice. All comments filed will be made available for public inspection.

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Petitions: A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative hearing in accordance with Sections 120.569 and 120.57, F.S. The petition must contain the information set forth below and must be filed with (received by) the Department's Agency Clerk in the Office of General Counsel of the Department of Environmental Protection, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000 (Telephone: 850/245-2241; Fax: 850/245-2303). Petitions filed by any persons other than those entitled to written notice under Section 120.60(3), F.S., must be filed within 14 days of publication of this Public Notice or receipt of a written notice, whichever occurs first. Under Section 120.60(3), F.S., however, any person who asked the Permitting Authority for notice of agency action may file a petition within 14 days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above, at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention (in a proceeding initiated by another party) will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

A petition that disputes the material facts on which the Permitting Authority's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner; the name, address and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of when and how each petitioner received notice of the agency action or proposed decision; (d) A statement of all disputed issues of material fact; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action including an explanation of how the alleged facts relate to the specific rules or statutes; and, (g) A statement of the relief sought by the petitioner, stating precisely the action the petitioner wishes the agency to take with respect to the agency's proposed action. A petition that does not dispute the material facts upon which the Permitting Authority's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301, F.A.C.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Permitting Authority's final action may be different from the position taken by it in this Public Notice of Intent to Issue Air Permit. Persons whose substantial interests will be affected by any such final decision of the Permitting Authority on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

Mediation: Mediation is not available in this proceeding.