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August 10, 2009

Ms. Trina Veilhauer  
Bureau Chief, Bureau of Air Regulation  
Division of Air Resources Management  
Florida Department of Environmental Protection  
2600 Blair Stone Road  
Tallahassee, FL 32399

Subject: INP BioEnergy  
Informal Pre-Application Meeting in Tallahassee  
June 24, 2009 Meeting Notes

Dear Ms. Veilhauer:

Thank you very much for taking the time to meet with us to discuss the proposed INP BioEnergy (INPB) project in Indian River County, Florida on June 24, 2009. The meeting was very informative for our project team and will be very helpful to us as we move forward with the project planning and design processes. As a follow-up to the meeting, please see the following condensed version of our meeting notes for your review.

MEETING DATE: June 24, 2009, 10:00 A.M.

LOCATION: Florida Department of Environmental Protection (FDEP) Air Resources Offices – Tallahassee, FL

ATTENDEES: Trina Veilhauer, FDEP  
Al Linero, FDEP  
Jeff Koerner, FDEP  
David Read – FDEP  
David King, INPB  
Tex Carter – INPB  
Andy Apiecioneck, IneosBio  
Larry Bendig, IneosBio  
Steve Adams – IneosBio  
Cynthia Hibbard, Camp Dresser & McKee Inc. (CDM)  
Tom Yonge – CDM



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#### ITEMS OF DISCUSSION:

The INPB representatives presented an overview of the project team, a project description, objectives for Phase I and Phase II, a list of air regulatory issues to be discussed, and some of the specific technical issues presented by this project. The items below are questions or comments that were generated as a result of this presentation.

- FDEP asked about the time period between the two phases. INPB indicated that it would be at least two years between the start of Phase I and the start of Phase II, if the Phase I demonstration project is successful. Phase II might not proceed, or could be constructed elsewhere, depending on what is learned in Phase I, and on business conditions.
- FDEP asked if INPB is comfortable describing the facility as a "plant that processes wastes."
- FDEP asked about the status of the Florida Department of Energy grant for INPB. The grant was issued in the name of Alico and has been assigned to New Planet Energy.
- FDEP asked about the composition of the vegetative waste. The vegetative waste will primarily be yard waste diverted from landfills.
- FDEP will review the proposed air regulatory classifications, but suggested that the plant is one that produces liquid fuel and generates electric power; need to present this project in more positive way to mitigate negative reactions, which can happen when classified as an incinerator. FDEP shared some lessons learned from a recent project in Tallahassee. INPB appreciates FDEP's advice and guidance in permitting and communicating about bioenergy projects.
- No special permitting will be required for the VPSA unit.
- It was agreed that the NSPS for Small MSW Combustors (40 CFR 60 Subpart AAAA), would apply at the outlet of steam boiler, and not at the gasifier outlet. FDEP suggested INPB draw a block around this for presentation purposes.
- FDEP suggested that INPB check the Environmental Protection Agency's (EPA) applicability determination for Verenum to see their guidance on how the NSPS for Synthetic Organic Chemical Manufacturing Industry (SOCMI) processes were applied for a similar project. EPA determined that 40 CFR 60 Subparts RRR (SOCMI Reactor Processes)



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and NNN (SOCMI Distillation Processes) did NOT apply, and that Subpart Va (SOCMI Equipment Leaks) represented BACT for VOC emissions.

- FDEP (and EPA) are working on what is the correct "characterization" for this type of process - the current categories written for waste combustion and chemical manufacturing are inadequate. FDEP will have the EPA perform an applicability review as part of the application submission. EPA could have several responses, including "build it and we'll figure it out."
- FDEP suggested that VOC emission rates from the feed stock dryer be calculated and the need for control for these emissions assessed.
- FDEP asked if TCLP data are available for ash and slag from the pilot plant; INPB indicated that TCLP data are available.
- Phase I and Phase II can be permitted separately, given that Phase II is contingent on the success of Phase I, and detailed design for Phase II could not proceed until some questions are answered in Phase I. However, FDEP still needs to consider internally its recommendation for how each phase would be handled. FDEP will consider INPB's request to permit the two Phases separately, consult with EPA, and respond with more information at a later date.
- PSD Major Stationary Source Classification – One of the 26 listed categories in 40 CFR 52.21 and Rule 62-210.200, F.A.C. possibly applicable for the INPB project is "Municipal Incinerators Capable of Charging More than 250 Tons of Refuse per Day." Since the tonnage limit applies on a per unit basis, not per facility, the INPB units (at 172 tpd each) are excluded from this category.
- PSD Major Stationary Source Classification – Another one of the 26 listed categories in 40 CFR 52.21 and Rule 62-210.200, F.A.C. possibly applicable for the INPB project is "Chemical Process Plants." FDEP has not adopted EPA's exclusion for "ethanol production facilities that produce ethanol by natural fermentation" (72 FR 24078, May 1, 2007). Therefore, the INPB facility would be included in this listed category, and the 100 tpy major source threshold would apply.
- FDEP staff would like to visit the Fayetteville pilot plant - INPB indicated that this may be O.K., subject to possibly completing a Non-Disclosure Agreement.





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- Based on Phase I's maximum potential emission rates being below major source thresholds, FDEP indicated it would be possible to obtain a minor source preconstruction permit for Phase I, but a major source PSD permit would be required for the total combined project when Phase II is moved forward.
- FDEP stated that if Phase I is permitted separately as a minor source, FDEP would likely still want some additional analyses associated with major source permitting to be submitted with the application. For example, although not required for a minor source, FDEP would prefer to see a dispersion modeling demonstration to show that Phase I, and Phase I/Phase II combined, would not exceed any NAAQS or PSD Increments. This would help in providing assurances to the public that even at full build-out, the project would have minimal environmental consequences. INPB was also encouraged to do BACT evaluation for Phase I; if Phase II is moved forward, a BACT analysis would be required for the entire project.
- FDEP indicated that there are some options available for air permitting. If air dispersion modeling is conducted, a dispersion modeling protocol should be prepared and submitted to FDEP (Cleve Holladay) for approval before proceeding with the modeling.
- FDEP understands that detailed information would not be available for Phase II, and suggested that any dispersion modeling be done using the best data available for Phase I, and a simple extrapolation might be adequate for Phase II. Phase I and Phase II are independent of one another and, in fact, Phase II may never be constructed. FDEP's concern is that others have tried to circumvent the system by presenting a partial picture or under-representing the overall potential project impact.
- For the permit application, load sheets, and as much "solid" data as possible is preferred. If there are no specifics available on the equipment, then a list of equipment models or possible equipment model equivalents will suffice. It is not necessary to have a specific vendor design; however, FDEP indicated that they put their P.E. stamp on the permit, and need assurances that the equipment and control technologies contained in the permit will perform as indicated.
- FDEP stated that the Phase I application would have to list all the contemplated feedstocks, including the trial applications. They recommended reviewing the BG&E appendix as an example listing all of the materials that can and cannot be used. Types and quantities of trial feedstocks should be proposed to FDEP and approved in advance of use.



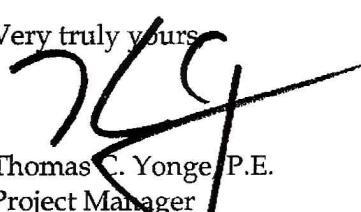
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- INPB will be expected to include discussion in the application on how feedstock will be stored and handled, with particular attention to dust and odor control. In addition, INPB should provide a Quality Assurance Plan for accepting/rejecting yard waste and C&D debris for Phase I, so that feedstock contamination is managed.
- INPB indicated we expect to submit our pre-construction air application in Sept of 2009.
- FDEP asked if INPB has alerted the Vero Beach community about the project, and INPB indicated that they had.

Please review the foregoing information and respond with any questions, comments or revisions. We would appreciate any comments you have by August 14, 2009. If we do not hear from you by that date, we will assume your concurrence that these notes accurately represent our discussion.

INPB is looking forward to commencing the permitting process as soon as possible. We plan to proceed with the initial stages of preparation of a minor source preconstruction air permit application for Phase I of the proposed facility. We do not wish to go too far down this path, however, without your determination that this approach is acceptable. Therefore, we would appreciate your response to our request that we permit the Phase I demonstration project separately as a minor source. Please contact me at 772-231-4301 if you need any additional information to support this request. We appreciate your assistance and look forward to your input.

Very truly yours



Thomas C. Yonge, P.E.  
Project Manager  
Camp Dresser & McKee Inc.

File: 74618-67453-001

cc: Al Linero, FDEP  
David Read, FDEP  
Jeff Koerner, FDEP  
Tex Carter, INPB



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