



Lawton Chiles, Governor

James T. Howell, M.D., M.P.H., Secretary

March 5, 1997

Willard Hanks, Project Engineer
New Source Review Section
Bureau of Air Regulation
Florida Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399-2400

RECEIVED
MAR 11 1997
BUREAU OF
AIR REGULATION

Re: Osceola Power Limited Partnership
AC50-269980 / PSD-FL-197A
Request to Extend Deadline for Simultaneous Operation of Sugar Mill and Cogeneration Boilers
From April 1, 1997 to April 1, 1998

Dear Mr. Hanks:

We appreciate your update on the proposed air permit amendment regarding the above referenced request. Osceola Power has requested this extension because the current sugarcane crop season has ended and time is needed to de-bug problems with the biomass feed/handling system as well as the process steam connection to the sugar mill. During simultaneous operation, Osceola Power will continue to fire *only* biomass and No. 2 fuel oil. The facility must comply with all other provisions of the current air pollution permit. The special exception for county zoning approval (Petition No. 92-13) states:

K. 10. *"The existing boiler facilities shall be abandoned within three (3) years of commercial startup of the cogeneration facility and no later than January 1, 1989. The existing boilers and new facilities shall not be operated at the same time." (MONITORING/CODE ENFORCEMENT)*

It does not appear that the proposed request will conflict with this condition. The Air Pollution Control Section has no objection to this request. If you have any questions, please contact me at the numbers below.

Sincerely,

For the Division Director
Environmental Health and Engineering

Jeffery F. Koerner, PE
Air Pollution Control Section

Phone: (407) 355-4549 SunCom: 273-4549
FAX: (407) 355-2442

CC: W. Hanks, BAR

cc: L. Martin Hodgkins, Sr. Director
Zoning Division
Palm Beach County Planning, Zoning, & Building
100 Australian Avenue
West Palm Beach, FL 33406

Ed Walker, Plan Review Section
Palm Beach County Health Department

Filename: OSC_EXT.LTR



February 28, 1997

Mr. Clair Fancy, P.E.
Department of Environmental
Protection
Bureau of Air Regulation
2600 Blair Stone Road
Twin Towers Office Building
Tallahassee, Florida 32399

RECEIVED

MAR 5 1997

BUREAU OF
AIR REGULATION

Re: Osceola Power Limited Partnership
AC 50-269980; PSD-FL-197A

0990331-005-AC
PSD-FL-197D

Dear Mr. Fancy:

As you know, the Florida Department of Environmental Protection ("DEP") issued a permit (AC 50-269980; PSD-FL-197A) to the Osceola Power Limited Partnership ("Osceola Power") for the construction of a cogeneration facility that will replace the boilers used at an adjacent sugar mill owned and operated by Osceola Farms Company ("the sugar mill"). On June 14, 1996, DEP issued a permit amendment that authorizes the simultaneous operation of the cogeneration facility and the sugar mill boilers until April 1, 1997, while Osceola Power connects, tests, and debugs the interconnected operation of the two facilities.

Although the facility was in commercial operation in 1996, it appears that Osceola Power will not have enough time to perfect the combined operation of the two facilities by April 1, 1997. Osceola Power now needs an extension of time for the simultaneous operation of the cogeneration facility and the sugar mill boilers. On behalf of Osceola Power, I respectfully request DEP to approve an amendment to the construction permit for the cogeneration facility and thereby extend the time for simultaneous operations.

The reasons for this request are set forth in more detail in the following paragraphs.

Requirements in DEP Construction Permit

The PSD construction permit for Osceola Power expressly addresses the simultaneous operation of the boilers at the cogeneration facility and the boilers at the sugar mill. Specific Condition 17 provides that the sugar mill boilers (Boiler Nos. 2, 3, 4, 5, and 6) may be retained for standby operations during the first three years of commercial cogeneration facility operation. As

amended on June 14, 1996, Specific Condition 17 provides that:

1. Simultaneous operations are authorized until April 1, 1997.
2. After April 1, 1997, the sugar mill boilers may be operated only when both cogeneration boilers are shutdown or in the process of immediately shutting down.
3. Only biomass and No. 2 fuel oil may be used as fuel in the cogeneration facility during times of simultaneous operations.
4. During simultaneous operations, all the boilers must comply with all of the conditions in their permits.

The PSD permit for the cogeneration facility states that the sugar mill boilers (Boiler Nos. 2, 3, 4, 5, and 6) must be permanently shutdown no later than January 1, 1999.

Operations at Cogeneration Facility

In addition to providing electricity to Florida Power & Light Company, the cogeneration facility is designed to provide steam to the sugar mill. The Osceola Power cogeneration facility first fired fuel in the two boilers in November 1995. From November 1995 until early February 1996, during startup conditions, the cogeneration facility was operated separately while debugging and testing was conducted. During the 1995-1996 harvest season, there was not enough time to debug the cogeneration facility and test interconnected operations with the sugar mill. From early February into March 1996, Osceola Power attempted to operate the cogeneration facility while connected with the sugar mill, but these efforts were unsuccessful. The sugar mill was shut down on March 21, 1996 and thus eliminated the possibility of additional tests until the next harvest season.

On April 16, 1996, Osceola Power submitted a request to DEP for a permit modification, which would extend the time for simultaneous operations and thus extend the time for debugging the interconnected operations of the cogeneration facility and sugar mill.

In its submittal to DEP, Osceola Power explained that Osceola Power was trying to determine whether certain physical components of the facility needed to be changed or improved. Osceola Power's letter also noted that:

Osceola Power cannot predict how quickly all of these technical

problems can be resolved. It is estimated that, during the next crop season, 25 to 30 connection trials may be needed to debug and increase the reliability of the complete cogen-sugar mill system that will replace the existing sugar mill boiler operation. Osceola Power hopes to start and conclude these tests as expeditiously as possible, but cannot predict when those tests will be conducted during the Osceola crop season or how long they will take.

The permit amendment for simultaneous operation was approved on June 14, 1996.

Before and after the issuance of the permit amendment, Osceola Power worked diligently on the interconnection aspects of the cogeneration facility. Osceola Power asked Bechtel Power Corporation (the project engineer) and other experts to evaluate the key components of the cogeneration facility. Based on their recommendations, several significant interconnection changes were made to the cogeneration facility after the 1995-1996 harvest season. Among other things, a new bagasse feed system was installed.

Osceola Power's ability to test interconnected operations on bagasse has been affected by the seasonality of the sugar mill operations, the long lead time associated with the installation of the new bagasse feed system, and other operational and technical considerations. To date the cogeneration facility has been able to connect to the sugar mill on only seven occasions and for only short periods, which is insufficient to adequately test the interconnection equipment and operations. Moreover, Osceola Power will not be able to conduct an adequate number (i.e., 25 to 30) of tests before the end of the 1996-1997 harvest season. After the harvest ends, the sugar mill will shutdown and Osceola Power will be unable to test interconnected operations until the 1997-1998 harvest season. Thus, although the facility has commenced commercial operations with regard to the production of electricity, the facility needs additional time for interconnection work with the sugar mill.

Osceola Power's Request for a Permit Amendment

Given the limited opportunities for testing during the remainder of the current harvest season, and given the April 1st deadline for the cessation of simultaneous operations, Osceola Power believes it is necessary and prudent to request an extension of time from DEP for simultaneous operation. Osceola Power needs more time to test and debug the interconnected operation of the cogeneration facility and the sugar mill.

Although Osceola Power needs an extension to conduct simultaneous operations for an additional crop season, Osceola Power has very significant financial incentives to cease simultaneous

operations as soon as possible. Osceola Power needs the bagasse that currently is being used as fuel in the sugar mill. When the bagasse is used in the sugar mill boilers, the cogeneration facility must procure wood waste fuels to replace the bagasse.

Nonetheless, as noted in Osceola Power's submittal to DEP on April 16, 1996, Osceola Power cannot predict accurately how long it will take to connect, test, and debug the systems that are used during interconnected operations. The testing and debugging process involves some uncertainties. These uncertainties compel Osceola Power to maintain some flexibility in its operations, including the flexibility to conduct simultaneous operations, as needed, during the upcoming harvest season. For these reasons, and in light of all of the facts set forth above, Osceola Power respectfully requests DEP to amend Osceola Power's permit and allow simultaneous operation of the cogeneration facility and Boiler Nos. 2, 3, 4, 5, and 6 through the next crop season (i.e., April 1, 1998).¹

During times of simultaneous operation, Osceola Power will continue to comply with all applicable provisions of its current construction permit. The cogeneration facility will use only biomass fuel or No. 2 fuel oil during simultaneous operations.

Ambient Air Quality Impacts

The air quality impacts associated with the simultaneous operation of the cogeneration facility and the sugar mill were described in the permit application for the construction permit. Those impacts are the same as previously described in the permit application. The simultaneous operation of the cogeneration facility and sugar mill will not cause or contribute to a violation of any ambient air quality standards or PSD increments. This request for a permit amendment only extends the time when such impacts potentially may occur.

¹ Parenthetically, if DEP grants a permit amendment to Osceola Power, one provision in the permit should be changed slightly to make the permit consistent with the permit for Okeelanta Power Limited Partnership. Specifically, the permit for Osceola Power should state that after April 1, 1998, the cogeneration facility's boilers may be operated only when the sugar mill boilers are shutdown or in the process of immediately shutting down. As currently worded, the permit incorrectly implies that Osceola Power should shutdown the boilers that are owned and operated by Osceola Farms. The proposed language is more consistent with Osceola Power's authority, as well as the intent of Osceola Power and Osceola Farms.

Conclusion

Osceola Power would greatly appreciate DEP's prompt consideration of this request for a permit amendment.

Osceola Power has enclosed a check (No. 10179) in the amount of \$250 to pay the DEP fee for a permit amendment.

Please call me or Mr. David Buff (phone no. 352-336-5600) if you have any questions about this request for a permit amendment.

Sincerely,



S. Donald Schaberg
General Manager

cc: David Knowles--DEP Ft. Myers
James Stormer--HRS PBC
Willard Hanks--DEP Tallahassee
James Meriwether--OPLP
Carlos Rionda--OFC
David S. Dee--Landers & Parsons
David Buff--Golder & Associates

cc: EPA
NPS
K. Anderson, DEP

(DATE)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. S. Donald Schaberg, General Manager
Osceola Power Limited Partnership
Post Office Box 609
Pahokee, Florida 33476

Dear Mr. Schaberg:

Re: Amendment of Permit
AC 50-269980/PSD-FL-197A

The Department has reviewed the letter dated February ____, 1997 from Osceola Power Limited Partnership concerning Osceola Power's request that the above-referenced permit be amended to allow additional time for the simultaneous operation of Osceola Farm's existing sugar mill boilers and the new cogeneration boilers at the facilities located near Pahokee, Palm Beach County, Florida. This request is acceptable and the referenced permit is amended as follows:

SPECIFIC CONDITIONS FOR OSCEOLA POWER LIMITED PARTNERSHIP

FROM:

17. During the first three years of commercial cogeneration facility operation, the existing Boilers Nos. 2, 3, 4, 5, and 6 (Permit Nos. AC 50-203679, 165813, 203680, 165626, and 165814, respectively), may be retained for standby operation provided their operating permits are valid.

During the period from initial firing through April 1, 1997, both cogeneration boilers can be operated simultaneously with the existing boilers. Only biomass and No. 2 fuel oil may be used in the cogeneration boilers during this period. If more than 570,000 lb/hr steam, (24-hour average) is generated in the cogeneration boilers, steam in excess of 570,000 lb/hr (24-hour average) must be sent to the Osceola sugar mill, and the existing boiler's steam production reduced by an equivalent amount. After April 1, 1997, the existing boilers may be operated only when

both new cogeneration boilers are shutdown or in the process of immediately shutting down. During operation, the existing sugar mill boilers must meet all requirements in the most recent construction and operation permits for the boilers. The existing sugar mill boilers shall be shutdown and rendered incapable of operation within three (3) years of commercial startup of the cogeneration facility, but no later than January 1, 1999.

TO:

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A copy of this letter shall be attached to the referenced permit and shall become a condition of that permit.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION

Howard L. Rhodes, Director
Division of Air Resources
Management

CERTIFICATE OF SERVICE

The undersigned duly designated deputy clerk hereby certifies that all copies of this INTENT TO ISSUE PERMIT AMENDMENT were mailed by certified mail before the close of business on _____ to the listed persons.

Clerk Stamp

FILING AND ACKNOWLEDGEMENT

FILED, on this date, pursuant to §120.52(11), Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.

Clerk

Date

Attachment: Osceola Power's February ___, 1997 letter

Copies furnished to:

David Knowles, SD
Isidore Goldman, SED
James Stormer, PBCHD
Jewell Harper, EPA
John Bunyak, NPS
David Buff, Golder
David Dee, Landers & Parsons

**GATOR GENERATING COMPANY
LIMITED PARTNERSHIP**

316 ROYAL POINCIANA PLAZA
PALM BEACH, FL 33480

1017

63-E

February 28 19 97

PAY
TO THE
ORDER OF Florida Department of Environmental Protection \$ 250.00

Two hundred fifty and no/100 ----- DOLLARS

**FIRST
UNION**

First Union National Bank
of Florida
Ft. Lauderdale, Florida
24 Hour Information Service
1-800-735-1012

FOR Air permit amend

FDE01

⑈010179⑈ ⑆067006432⑆2090000511808⑈

Suzanne K. Kraybill
Ed Ryn

(DATE)

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Osceola Power Limited Partnership
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Pahokee, Florida 33476

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Mr. S. Don Schaberg
Page Two
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Howard L. Rhodes, Director
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Mr. S. Don Schaberg
Page Three
February __, 1997

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/vc:FLSN6