

Golder Associates Inc.

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December 13, 2004

0337594

Department of Transportation
605 Suwannee Street, MS: 28
Tallahassee, Florida 32399-0450

Attention: Ms. Sandra Whitmire, Intergovernmental Coordination & Review Coordinator

RE: New Hope Power Partnership Expansion Project
Okeelanta Cogeneration Facility
Power Plant Siting Application No. PA 04-46
DOAH Case No. 04-3209EPP; OGC Case No. 04-1594

Dear Ms. Whitmire:

This correspondence is a follow-up to my December 8, 2004 electronic mail transmittal. The access to New Hope Power is an intersection located 5.5 miles south of State Road 80 on U.S. Highway 27. The intersection has yellow flashing lights. There are deceleration lanes for traffic entering this service road from both the north and south on U.S. 27. The service road serves the New Hope Power facility, Okeelanta Sugar facility, and the Florida Crystals sugar refinery. There is an acceleration lane for traffic exiting the service road to the south. There is no acceleration lane for traffic exiting the service road to the north. However, there is a very wide paved median at the intersection.

I sent a copy of the Sufficiency Responses to you via Federal Express on December 8, 2004. Please, let me know if you have notreceived the copy.

If you should have further questions regarding the SCA or Sufficiency Responses, please contact Mr. James Meriwether or myself. Mr. Meriwether is the Environmental and Safety Manager for NHPP and his contact information is on the Application Information page.

Sincerely,

GOLDER ASSOCIATES INC.

Kennard F. Kosky, P. E.
Principal

KFK/dmw

Cc: New Hope Power Distribution List

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2. Scott Goorland
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3. Al Linero
Administrator of New Source Review
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2600 Blair Stone Road, MS: 5500
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16. Jim Golden
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South Bay, Florida 33493
18. Gus Cepero
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South Bay, Florida 33493
19. Matt Capone
Okeelanta Corporation
21250 U.S. Highway 27 South
South Bay, Florida 33493
20. Bill Tarr
Florida Crystals Corporation
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December 13, 2004

0337594

South Florida Water Management District
3301 Gun Club Road
West Palm Beach, Florida 33406

Attention: Mr. James J. Golden, AICP, Senior Planner, Environmental Resource Regulation

RE: New Hope Power Partnership Expansion Project
Okeelanta Cogeneration Facility
Power Plant Siting Application No. PA 04-46
DOAH Case No. 04-3209EPP; OGC Case No. 04-1594

Dear Mr. Golden:

This correspondence provides some additional information requested regarding the proposed New Hope Power Partnership Expansion Project. Attached, please find a copy of the Potable Water Service Agreement between Okeelanta Corporation and New Hope Power Partnership. In addition, the capacity, horsepower, and size of the existing canal pumps are: 3 at 450 gpm, 30 hp, and 6" discharge.

If you should have further questions regarding the SCA or Sufficiency Responses, please contact Mr. James Meriwether or myself. Mr. Meriwether is the Environmental and Safety Manager for NHPP and his contact information is on the Application Information page.

Sincerely,

GOLDER ASSOCIATES INC.

Kennard F. Kosky, P. E.
Principal

KFK/dmw

Enclosure

Cc: New Hope Power Distribution List

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Okeelanta Corporation
21250 U.S. Highway 27 South
South Bay, Florida 33493
20. Bill Tarr
Florida Crystals Corporation
One North Clematis Street
Suite 200
West Palm Beach, Florida 33401

FIRST AMENDMENT TO AGREEMENT

This First Amendment to the Agreement dated November 16, 2004 ("Agreement"), between Okeelanta Corporation, a Delaware corporation ("Okeelanta"), and New Hope Power Partnership, a Florida general partnership ("New Hope") is entered into this 8th day of December 2004.

WITNESSETH

WHEREAS, on November 16, 2004, the parties entered into the Agreement for the supply of non-potable water for operational purposes by Okeelanta to New Hope, to serve an expansion of the New Hope facility; and

WHEREAS the Agreement ratified an existing agreement to supply non-potable water and increased the quantity of water to be provided for operational purposes; and

WHEREAS, Okeelanta also provides potable water to New Hope and New Hope desires to obtain additional potable water from Okeelanta for use at the New Hope facility; and

WHEREAS, Okeelanta has the capacity to provide additional potable water to New Hope; and

WHEREAS, the parties desire to amend the Agreement to provide also for the supply by Okeelanta of additional potable water to New Hope,

NOW, THEREFORE, for good and valuable consideration, receipt of which the parties hereby acknowledge, the Agreement is amended as follows:

A. Paragraph 1 of the Agreement is amended to also incorporate by reference the recitals listed in the Whereas clauses above.


B. A new paragraph 6 is added as follows:

"6. Okeelanta agrees to provide New Hope up to 2,000 GPD of potable water. Provision of potable water, as set forth in this paragraph 6, includes the quantity of potable water that Okeelanta now supplies to New Hope as well as the requested increase. The additional potable water shall be made available within 3 days of a request for same by New Hope. Potable water shall be delivered via the existing PVC potable water supply pipe, which shall continue to be maintained by Okeelanta up to its property line and by New Hope from its leasehold boundary to the New Hope facility. Metering for this pipe shall continue to be maintained and operated by New Hope, which shall provide Okeelanta a monthly report of total potable water usage."

C. All other provisions of the Agreement remain unchanged and are hereby ratified.

OKEELANTA CORPORATION

By:

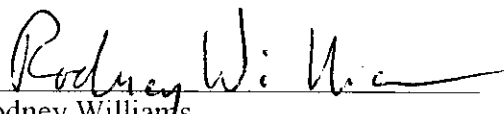


Gustavo Cepero

Its: Vice President

NEW HOPE POWER PARTNERSHIP

By:



Rodney Williams

Its: Plant Manager

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RECEIVED

NOV 18 2004



BUREAU OF AIR REGULATION

November 17, 2004

0337594-0700

Florida Department of Environmental Protection
Bureau of Air Regulation
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Attention: Mr. Jeffery F. Koerner, P.E., New Source Review Section

RE: NEW HOPE POWER PARTNERSHIP – INCREASED GENERATING CAPACITY
DEP FILE NO. 0990332-017-AC (PSD-FL-196P)
REQUEST FOR ADDITIONAL INFORMATION

Dear Jeff:

This correspondence provides the additional information requested by the Florida Department of Environmental Protection (Department or FDEP) concerning the Site Certification Application (Application) that was filed by New Hope Power Partnership (NHPP) pursuant to the Florida Electrical Power Plant Siting Act (Siting Act or PPSA). This information is presented in the same sequence as the requested information in the Department's letter dated October 5, 2004.

FDEP AIR RAI #1, PSD Air Permit Application: Submit Sections I and II of the Department's air permit application [Form FDEP Form No. 62-210.900(1)], which includes the signature page for the Authorized Representative and the P.E. certification. Also submit any pages in Section III (Emissions Unit Information) that are different from the application submitted for the project to increase the cogeneration plant's heat input or that will change as a result of this project.

Additional Information: Attached are Sections I and II of FDEP Form No. 62-210.900(1), including the signature pages for the Authorized Representative and the P.E. certification. These sections are being submitted to change the description of the potential electrical generating capacity of NHPP's cogeneration facility (Facility).

As explained in the Site Certification Application, NHPP's proposed project does not require, and NHPP is not requesting, any changes in the operation conditions contained in the Air Construction Permit and PSD approval that was recently issued for the Facility [Project No. 0990332-016-AC; Air Permit No. PSD FL-196(O) issued October 29, 2003], with one exception -- i.e., NHPP wishes to delete the provisions in Specific Condition III.1 that restrict the electrical generating capacity of the Facility. The electrical generating capacity of the Facility will be reviewed and approved by the Governor and Cabinet (Siting Board) under the Siting Act. Thereafter, the Site Certification issued under the Siting Act will be the appropriate mechanism for regulating the electrical output of the



Facility. The Air Construction Permit will continue to govern the Facility's heat input and emissions rates, but the Air Construction Permit should not be used to regulate the Facility's electrical output, because the FDEP's Air Construction Permit and PSD program are designed to regulate airborne emissions, not electrical generating capacity. The Air Construction Permit should only mention the Facility's electrical generating capacity as part of the general project description (e.g., "nominal net capacity of 140 MW"), consistent with other air permits issued in Florida for electrical power plants. NHPP is not proposing any changes in the air emissions requirements for the Facility, so the Emissions Unit Information is not being changed in FDEP Form No. 62-210.900(1), with one exception. Page 14 of the Emissions Unit Information for each of the Facility's three cogeneration boilers will be changed to show that the Facility has a nominal net electrical generating capacity of 140 megawatts (MW).

FDEP AIR RAI #2, PSD Review: The previous PSD permit modification increased the plant's maximum heat input rate to full capacity (8760 hours per year). However, it may not be possible for the plant to fully utilize this additional capacity without the current project to add new electrical generating capacity. In essence, the new project could potentially "de-bottleneck" the plant to fully take advantage of the previous PSD modification. Provide a discussion of why the proposed project does not trigger PSD preconstruction review.

Additional Information: As described in the Site Certification Application, NHPP's proposed project may increase the Facility's annual electrical generation by approximately 150,000 to 190,000 megawatt-hours (MWH). Most of this electricity will be available during the months of April through September, when the demand for steam at the adjacent Okeelanta sugar mill is reduced (see SCA Section 1.1.3). As noted in the responses to FDEP AIR RAI #4 and #5, below, additional biomass fuels will be used to generate the additional electricity. However, as explained in the response to FDEP AIR RAI #1, above, NHPP is not requesting any changes to the applicable requirements in the recently issued Air Construction Permit for the Facility. Any additional fuel usage is already addressed in the Air Construction permit. NHPP is not proposing any changes in the Facility's permitted operating hours, emission limits, heat input rates, or the amount of steam that can be generated from the Facility's boilers. The only physical changes that will be made to the Facility are the addition of a steam turbine-generator and an associated heat dissipation system.

In 2002, NHPP filed its application for a PSD permit modification to increase the heat input at the Facility and also allowed year-round operation at full capacity. The increase in the annual heat input capacity of the Facility was needed at the time because the Facility had actually operated close to the annual heat input limitation in its permit. Although year-around operation at full capacity was not envisioned at the time, from a permitting perspective it was prudent to request such operation because the Facility was going through the time and expense of PSD review, and there was no compelling reason not to request full operation as new permit limits. On a short-term basis, NHPP had found through operational experience that the boiler could achieve somewhat higher heat input at times, and again it was prudent to request such a change in the PSD permitting process. Therefore, an increase in maximum and annual heat input limits was needed regardless of the installation of the new steam turbine. This recent PSD permit modification involved a complete PSD review including a determination of Best Available Control Technology (BACT) and an analysis of air quality impacts. The air quality impact analysis evaluated compliance with ambient air quality standards (AAQS) and PSD increments.

Federal and Florida rule allow the presumption that allowable or potential emissions of an emissions unit are equivalent to the actual emissions of the emission unit. FDEP Rule 62-210.200(11)(b), F.A.C., allows the Department to presume that unit-specific allowable emissions are equivalent to

the actual emissions, provided such allowable emissions are federally enforceable. Under FDEP Rule 62-210.200(11)(c), F.A.C., for any emissions unit that has not yet begun normal operations, actual emissions shall equal the potential emissions, provided such allowable emissions are federally enforceable. Emissions from "normal operations" usually are determined by reviewing a 2-year operating history. In the instant case, however, normal operations cannot be readily determined because the PSD approval for the Facility's full-capacity operations was issued only one year ago (October 2003) and, consequently, the Facility does not have a 2-year operating history at full capacity. Given these circumstances, the Department may rely on FDEP Rules 62-210.200(11)(b) and (c) to presume that the Facility's actual emissions are equal to the Facility's allowable emissions. In such a case, PSD review would not apply, since there would be no net increase in annual emissions for the proposed project.

Given FDEP's recent PSD approval for the Facility's operations at full capacity and the fact that no changes are being proposed in the recent Air Construction Permit, a new PSD review process would serve no purpose in this case. The requirements of a PSD review such as BACT and air quality impact analyses have already been recently conducted. The only new emissions unit is a cooling tower, which is such a small source that it is exempt from the FDEP's permitting requirements. The maximum amount of PM and PM₁₀ in the drift from the cooling tower will be so small that the cooling tower is exempt from permitting pursuant to FDEP Rule 62-210.300(3), F.A.C.

FDEP AIR RAI #3, NESHAP Subpart DDDDD: Please discuss the impacts of the recently published NESHAP Subpart DDDDD requirements on the existing cogeneration boilers. With regard to this regulation, is the project considered a "modification"? With regard to this regulation, is the project considered a "reconstruction"?

Additional Information: Under EPA's new NESHAP for industrial, commercial, and institutional boilers (40 CFR 60, Subpart DDDDD), the Facility's boilers will be regulated as "existing" units. Subpart DDDDD applies to new, reconstructed, and existing units. There is no separate category in Subpart DDDDD for a modification. See Section 63.7490(a).

Reconstruction is not defined in Subpart DDDDD. However, reconstruction is defined in 40 CFR 63.2 as follows:

Reconstruction, unless otherwise defined in a relevant standard, means the replacement of components of an affected or a previously nonaffected source to such an extent that:

- (1) The fixed capital cost of the new components exceeds 50 percent of the fixed capital cost that would be required to construct a comparable new source; and
- (2) It is technologically and economically feasible for the reconstructed source to meet the relevant standard(s) established by the Administrator (or a State) pursuant to section 112 of the Act. Upon reconstruction, an affected source, or a stationary source that becomes an affected source, is subject to relevant standards for new sources, including compliance dates, irrespective of any change in emissions of hazardous air pollutants from that source.

Stationary source also is defined in 40 CFR 63.2:

Stationary source means any building, structure, facility, or installation which emits or may emit any air pollutant.

Since the source is defined as the building, structure, facility or installation that emits any air pollutant, it is clear that the industrial boilers at NHPP's Facility are the affected sources under Subpart DDDDD.

There will not be a reconstruction of the Subpart DDDDD sources at the Facility because NHPP is not proposing to replace any of the components of the Facility's boilers. The addition of a steam turbine-generator and associated heat dissipation system at the Facility is not reconstruction under 40 CFR 63.2 because this equipment is not part of the affected source.

Since the Facility's boilers are not new or reconstructed, as defined in Subpart DDDDD, the Facility's boilers are subject to the regulations for existing boilers. See Sections 63.7490(b), (c), and (d). NHPP must comply with the Subpart DDDDD requirements by September 13, 2007. See Section 63.7495(b). Among other things, the Facility must comply with the emission limits in Subpart DDDDD for particulate matter, hydrogen chloride and mercury. NHPP anticipates that it will be able to demonstrate compliance with these emissions limits without installing any new air pollution control equipment. In any event, NHPP will address all of the applicable Subpart DDDDD requirements in future submittals to the Department.

FDEP AIR RAI #4, Annual Capacity Factor:

- **Please estimate the maximum expected actual annual capacity factor (in terms of heat input rate) for the cogeneration plant. What factors typically influence the operating rates of the cogeneration units? Will the units operate a reduced capacity at night during the cane-milling season as well as during the off-season? Does the available biomass fuel supply limit operation of the facility at capacity? Describe expected operation during the cane-milling season and during the off-season.**
- **How many hours are planned for regularly scheduled down times to perform maintenance and inspections? Historically, how many additional hours of down time were needed to perform unscheduled maintenance and repairs?**

Additional Information: The NHPP Facility produces steam to generate electricity and to supply process steam to the Okeelanta sugar mill and refinery. The process steam demand is seasonal; it is higher in the fall and winter than in the spring and summer. Accordingly, during the spring and summer when the process steam demand is lower, the Facility has the capacity to generate additional non-process steam. The basic purpose of the current project is to add a steam turbine generator, plus related auxiliaries, to more effectively utilize the steam generating capacity of the Facility on a year-round basis. NHPP estimates that the net electrical output of the Facility will be increased approximately an additional 165,000 MWH/year, with most of this electrical energy produced during the spring and summer months when the additional steam capacity is available.

NHPP estimates that the maximum annual capacity factor for the Facility will range from 14.5×10^6 to 19×10^6 MMBtu per year after the second turbine generator is installed (73- to 95-capacity factor). This range is dependent upon several operational variables, including but not limited to process steam demand, plant availability, public demand for electricity, and electrical wholesale market conditions.

The major factors that typically influence the operating rates of the cogeneration units are the process steam demand of the sugar mill during the grinding season, which is usually October through March, and the general wholesale market conditions associated with the production and sale of electricity during the non-grinding season.