



Department of Environmental Protection

Jeb Bush
Governor

Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

David B. Struhs
Secretary

August 26, 1999

Mr. Jeffrey A. Walker
Cedar Bay Cogenerating Company, L.P.
P.O. Box 26324
Jacksonville, Florida 32226

RECEIVED

AUG 30 1999

BUREAU OF AIR REGULATION

Re: Cedar Bay Cogenerating Project, PA 88-24

Dear Mr. Walker:

The Department has reviewed your requests for modification of the PSD Permit No. PSD-FL-137 and for modifying the Conditions of Certification for the Cedar Bay facility in Duval County. The Bureau of Air Regulation has indicated concurrence with your requested PSD amendments with one exception. They do not agree with changing the heat input measuring paradigm from an hourly limit to a 24-hour block average. I am developing the modification order to reflect the PSD amendments as well as the modification language requested in your May 24, 1999, letter.

You may wish to contact Mr. Mike Halpin concerning the heat input issue. If you have any questions on this matter, I can be contacted at (850) 487-0472.

Sincerely,

Hamilton S. Oven
Hamilton S. Oven, P.E.
Administrator, Siting
Coordination Office

cc: Mike Halpin
Al Linero
Scott Goorland

5/24 AL

Cedar Bay Generating Company, L.P.

Cedar Bay Generating Company, L.P.
P.O. Box 26324
Jacksonville, FL 32226
Tel: 904.751.4000
Fax: 904.751.7320

May 20, 1999

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MAY 24 1999

**BUREAU OF
AIR REGULATION**

Clair Fancy
Florida Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

RE: Modification of the Cedar Bay Cogeneration Project's
PSD Permit (PSD-FL-137)

Dear Mr. Fancy:

On March 22, 1999 Cedar Bay Cogenerating Company, L.P. (Cedar Bay) submitted a PSD Modification request to the FDEP and the various parties to the Certification. In this letter we wish to request changes and additions to the March 22, 1999 modification request.

Specifically, we would like to:

- Correct the reference to the mercury testing requirement in the modification request;
- Modify the proposed language relating to fiber reject test burns; and
- Clarify the maximum heat input provisions of the PSD permit.

Each of these requests is addressed in order.

Mercury Testing Requirement

The PSD Modification request includes a request that the PSD language relating to mercury testing be removed, since the requirement has been satisfied. The PSD modification request incorrectly cited Condition II.A.1.h as the section to delete. The correct reference should have been II.A.2.c.

Fiber Reject Test Burns

The PSD Modification request includes a request to update the PSD language as it relates to short fiber rejects. After consultation with Smurfit Stone Container Corporation, we propose to modify Condition II.A.1.h as follows:

- h. To the extent that it is consistent with condition II.A.1.b., the SETTLEMENT AND RELEASE AGREEMENT made on July 24, 1998 by and between Smurfit Stone Container Corporation and Cedar Bay Generating Company, L.P., and the following, CBCP shall may burn all or a portion of the short fiber rejects generated by Seminole Kraft in processing recycled paper as a supplemental fuel. Prior to burning the rejects

~~as a supplemental fuel, however, CBCP shall conduct a test burn to determine the effects of burning the rejects. No less than~~ At least ninety (90) days prior to ~~completion of construction any proposed test burn,~~ CBCP shall submit a plan to DEP for conducting a 30-day test burn ~~within one year after initial compliance testing.~~ That test burn shall be designed to ascertain whether the CFBs can burn rejects as supplemental fuel without exceeding any of the limitations on emissions and fuel usage contained in Condition II.A. and without causing any operational problems which would affect the reliable operation (with customary maintenance) of the CFBs and without violating any other environmental requirements. CBCP shall notify DEP and the Regulatory and Environmental Services Department (RESD) at least thirty (30) days prior to initiation of the test burn. The results of the test burn and CBCP's analysis shall be reported to DEP and to RESD within forty-five (45) days of completion of the test burn. DEP shall notify CBCP within thirty (30) days thereafter of its approval or disapproval of any conclusion by CBCP that the test burn demonstrated that the rejects can be burned in compliance with this Condition of Certification.

Maximum Heat Input Provisions

In addition to the modifications proposed in the March 22, 1999 submission, Cedar Bay is seeking to clarify how the facility complies with the maximum heat input provision in Condition II.A.1.c of the PSD permit. This permit condition limits the heat input from the project to a combined total of 3189 MMBtu/hr. The overall maximum pound per hour and ton per year emission limits for the project are based on the combined total heat input for the project.

We request modification of Condition II.A.1.c to allow some operational flexibility with each individual boiler. On some occasions we would like the flexibility to operate one individual boiler above 1063 MMBtu/hr heat input while the other boilers collectively will not exceed 3189 MMBtu/hr. All three boilers were built to the same specifications, but like all complex equipment each boiler has its own idiosyncrasies. The proposed permit change will allow the most effective use of the facility without exceeding any emission limit.

In addition, we propose that the most appropriate method for compliance with the 3189 MMBtu/hr permit limit is on a 24-hour block average basis. Heat input is calculated using the measured mass of coal fired multiplied by the heat content of the coal. The heat content of the coal is measured only once per day, by laboratory analysis. Because there may be variations in the heat content of the coal on an hour-by-hour basis, the data collected by the facility for heat input are only meaningful on a day-long basis. This change will not impact emission limits on either a lb/MMBtu or lb/hr basis.

Finally, Cedar Bay is requesting that the same permit note that is present in the proposed Title V permit be added to the PSD permit, for consistency.

In conclusion, we propose that Condition II.A.1.c be changed to read the following:

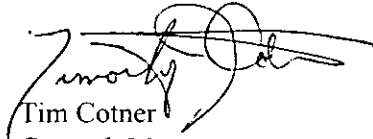
- c. The maximum combined total heat input into the CFBs shall not exceed 3189 MMBtu/hr, measured on a 24-hr block average.

permitting note: The heat input limitations have been placed in the permit to identify the capacity of each emissions unit for purposes of confirming that emissions testing is

conducted within 90-100 percent of the emissions unit rated capacity (or to limit future operation to 110 percent of the test load), to establish appropriate limits and to aid in determining future rule applicability.

We appreciate your consideration of these proposed changes, as well as the changes requested in our March 22, 1999 submission. We want to work with you to provide the information you need to approve these proposed modifications. Please contact Jeff Walker at 904-751-4000 ext.22, with any questions or comments.

Sincerely,


Tim Cotner
General Manager
Cedar Bay Cogeneration, L.P.

cc: Hamilton S. Oven, P.E., Administrator, Siting Coordination Office, FDEP
A. Jablonowski, P.E., Earth Tech
Michelle Golden, US Generating
Parties to Certification PA88-24

cc: M. Halpin, BAR
NED
Duval Co.