

Appendix 2

MEMORANDUM

TO: Joseph Kahn, Director of DARM

THROUGH: Trina Vielhauer, Chief of BAR 

FROM: Jeff Koerner, Permitting North 

DATE: September 20, 2006

SUBJECT: Final Permit No. 0310337-012-AC
Cedar Bay Cogeneration Facility
ADS Units 1 and 2 – Distillate Oil Firing Increase

Attached for approval and signature is a final air construction permit modification for the above referenced project. In April of 2006, Permit No. 0310337-011-AC was issued to install Absorber Dryer System (ADS) Unit 3, which is currently under construction. ADS Unit 3 will become the primary system for processing limestone as a reactant for the existing circulating fluidized bed boilers to control SO₂ emissions. Existing ADS Units 1 and 2 will become reserve units for this purpose. This permit authorizes a temporary increase in the annual distillate oil firing rate until new ADS Unit 3 is operational. There will be no PSD-significant emissions increases from this project.

The applicant published the "Public Notice of Intent to Issue" in the Florida Times-Union on September 4, 2006. The Department received the proof of publication on September 20, 2006. No petitions for administrative hearings or extensions of time to petition for an administrative hearing were filed. As discussed in the attached Final Determination, the applicant provided comments that resulted in a minor change.

I recommend your approval and signature.

PERMITTEE

Cedar Bay Generating Company, L.P.
9640 Eastport Road
Jacksonville, Florida 32218-2260

PERMITTING AUTHORITY

Florida Department of Environmental Protection
Division of Air Resource Management
Bureau of Air Regulation, Air Permitting North Program
2600 Blair Stone Road, MS #5505
Tallahassee, Florida, 32399-2400

PROJECT

Air Permit No. 0310337-012-AC
Cedar Bay Cogeneration Facility – ADS Units 1 and 2 (Emissions Units 004 and 005)

The permit authorizes a temporary distillate oil firing increase for existing Absorber Dyer System (ADS) Units 1 and 2 until commercial operation is established for the new ADS Unit 3, which is under construction in accordance with Permit No. 0310337-011-AC. The existing units operate at the Cedar Bay Cogeneration Facility, which is located at 9640 Eastport Road, Jacksonville, Duval County, Florida.

NOTICE AND PUBLICATION

The Department distributed an "Intent to Issue Permit" package on August 18, 2006. The applicant published the "Public Notice of Intent to Issue" in the Florida Times-Union on September 4, 2006. The Department received the proof of publication on September 20, 2006. No petitions for administrative hearings or extensions of time to petition for an administrative hearing were filed.

COMMENTS/CHANGES

No comments on the Draft Permit were received from the public, the Department's NED Office, or the City of Jacksonville. The applicant provided comments on the draft permit, which are listed below with the Department's response.

Comment: The proposed permit authorizes an increase in the distillate oil limit for each ADS unit during any 12 consecutive months. It was Cedar Bay's intent that the distillate oil limit be specified as an aggregate limit for ADS Units 1 and 2. This will provide more operational flexibility for the units and prevent possible shortages of processed limestone needed for SO₂ control on the existing circulating fluidized bed boilers. In place of the limit on each unit, the applicant requests the equivalent aggregate limit.

Response: The request is minor and results in no additional impacts. The final condition is changed as follows:

"Each limestone dryer (ADS Units 1 and 2) shall fire only No. 2 fuel oil with a maximum sulfur content of 0.05% sulfur by weight. ~~For each unit, oil firing shall not exceed 120 gal/hr, or and or 498,000 gallons during any 12 consecutive months. Once~~ The maximum oil firing rate is 120 gal/hour/unit. The two units combined shall not fire more than 996,000 gallons during any consecutive 12 months. Upon establishing commercial operation of the new dryer system train (ADS Unit 3) permitted by air construction permit 0310337-011-AC, combined oil firing from ADS Units 1 and 2 shall not exceed ~~120 gallons/hour nor 350,400~~ 700,800 gallons during any consecutive 12 months ~~for each unit~~. The first month of the consecutive 12-month period for this limit shall begin the first month after commercial operation is established for the new dryer system train."

Note: In the final documents, it was also clarified throughout that ADS Units 1 and 2 are Emissions Units 004 and 005.

CONCLUSION

The final action of the Department is to issue the permit with the changes described above.

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

NOTICE OF FINAL PERMIT MODIFICATION

In the Matter of an
Application for Permit by:

Mr. Richard Grubb, General Manager
Cedar Bay Generating Company, L.P.
9640 Eastport Road
Jacksonville, Florida 32218-2260

Cedar Bay Cogeneration Facility
Permit No. 0310337-012-AC
Modification to PSD-FL-137
Oil Firing Increase - ADS Units 1 and 2

Cedar Bay Generating Company submitted an application requesting a temporary fuel oil increase of 295,200 gallons per year at Absorber Dyer System (ADS) Units 1 and 2 (Emissions Units 004 and 005) until commercial operation is established for the new ADS Unit 3 train permitted by air construction permit 0310337-011-AC. The existing units operate at the Cedar Bay Cogeneration Facility, which is located at 9640 Eastport Road, Jacksonville, Duval County, Florida. The final permit modification is enclosed, which approves this request. This permit modification is issued pursuant to Chapter 403, Florida Statutes. A copy of this letter shall be filed with the referenced permit and shall become part of the permit.

Any party to this order has the right to seek judicial review of it under Section 120.68 of the Florida Statutes by filing a notice of appeal under Rule 9.110 of the Florida Rules of Appellate Procedure with the clerk of the Department of Environmental Protection in the Office of General Counsel (Mail Station #35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000) and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The notice must be filed within thirty (30) days after this order is filed with the clerk of the Department.

Executed in Tallahassee, Florida.


Joseph Kahn, P.E., Director
Division of Air Resource Management

CERTIFICATE OF SERVICE

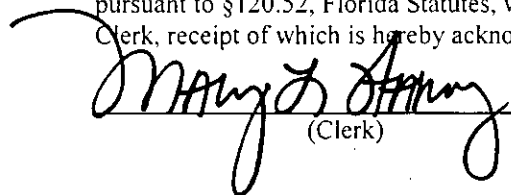
The undersigned duly designated deputy agency clerk hereby certifies that this Notice of Final Permit (including the Final permit) was sent by certified mail (*) and copies were mailed by U.S. Mail before the close of business on 9/25/06 to the persons listed:

Richard Grubb, Cedar Bay*
Jeff Walker, Cedar Bay
Ken Kosky, P.E., Golder and Associates
Richard Robinson, P.E., City of Jacksonville EQD

Chris Kirts, NED Office
Hamilton Owen, DEP Siting Office
Dot Mathias, Northside Civic Association

Clerk Stamp

FILING AND ACKNOWLEDGMENT FILED, on this date, pursuant to §120.52, Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.


(Clerk)

9/25/06
(Date)

FINAL PERMIT REVISION

Permit No. 0310337-012-AC
Modification of Permit No. PSD-FL-137

No further construction is authorized by this action. The following permit condition is revised as follows. All other conditions remain in effect.

Specific Condition No. 8 as related to ADS Units 1 and 2 (Emissions Units 004 and 005) is hereby changed:

From: The maximum No. 2 fuel oil with maximum sulfur content of 0.05% sulfur by weight firing for each limestone dryer shall not exceed 120 gal/hr, or 350,400 gal/year. This reflects a combined total fuel oil firing rate of 240 gal/hr, and 700,800 gals/year for the two dryers.

To: Each limestone dryer (ADS Units 1 and 2) shall fire only No. 2 fuel oil with a maximum sulfur content of 0.05% sulfur by weight. The maximum oil firing rate is 120 gal/hour/unit. The two units combined shall not fire more than 996,000 gallons during any consecutive 12 months. Upon establishing commercial operation of the new dryer system train (ADS Unit 3) permitted by air construction permit 0310337-011-AC, combined oil firing from ADS Units 1 and 2 shall not exceed 700,800 gallons during any consecutive 12 months. The first month of the consecutive 12-month period for this limit shall begin the first month after commercial operation is established for the new dryer system train.