



Lawton Chiles
Governor

Department of Environmental Protection

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

Virginia B. Wetherell
Secretary

FAX TRANSMITTAL LETTER

DATE: 8/9/94

TO: Joe Kahn / Joe Lurix

AGENCY: FDEP- WPR

TELEPHONE: 407 437-2650

NUMBER OF PAGES (INCLUDING COVER SHEET) 3

FROM: Bill Parker

AGENCY: FDEP- Solid Waste

If any of the pages are not clearly received, please call
IMMEDIATELY,

Phone No. 904 488 0300

SENDERS NAME: _____

COMMENTS:

"Protect, Conserve and Manage Florida's Environment and Natural Resources"

Printed on recycled paper.

Date: August 9, 1994

To: Bill Parker, DEP, Tallahassee

From: Terry Gray, TAG

RE: ENERGY FROM TIRES FACILITY AT PORT ST. LUCIE SITE

Per our discussion, attached is a short announcement from the May, 1994 issue of "Power" magazine describing a planned energy from waste tires facility for Port St. Lucie, Florida. The following comments are based on an earlier telephone conversation with Mr. Mark Lehman, Polsky Energy's Project Manager for the facility (telephone number 708-559-9800).

(1) Polsky Energy is a project developer. Developers normally obtain power and tire supply contracts, initiate permitting requirements, then sell their interest to an owner/operator in exchange for development fees and a small continuing financial interest. Decker Energy played this role on the Wheelabrator Ridge facility, with Wheelabrator assuming the owner/operator role. Without a financially strong owner/operator, proposed projects do not progress beyond proposal stage because the developer does not typically have the resources required to finance the capital-intensive facilities. Polsky has developed one other facility, a waste wood fired fluidized bed system currently under construction at Brooklyn Energy Center, Brooklyn, Nova Scotia.

(2) Electricity Contract - Polsky Energy has proposed the facility under a "standard offer form" for Tampa Electric which would dictate facility start-up in 1999. The contract is still pending.

(3) Technology - The facility would use fluidized bed technology but they have not decided on the vendor. Fluidized bed systems require shredded tires and are vulnerable to residual bead wire problems unless their ash removal systems are specially designed for this material.

(4) Tire Supply - Polsky has an agreement with Florida Tire for supply of the 8 million waste tires required annually for the facility. Skip Robinson's name was mentioned by Mr. Lehman during the discussion. The site description in the announcement matches Florida Tire's site in Port St. Lucie, but the existing site would not typically be large enough for such a facility.

(5) Financing - The fuel supplier provided the required financing and guarantees for Polsky's Brooklyn facility. Since Florida Tire does not have a balance sheet that would support an investment of \$75-100 million, financing for this project remains questionable.

NEW POWERPLANT PROJECTS

Technical profiles of current projects as reported in McGraw-Hill Energy Group's *Electric Utility Week*, *Independent Power Report*, and *Nucleonics Week* newsletters

More independent power projects (IPPs) were canceled or dropped in the US in 1993 than were announced, according to "Profile of Independent Power Markets: 1994 Status and Trends," published by RCG/Hagler, Bailly Inc., Arlington, Va. About 40,000 MW of projects became "inactive" last year, compared to 23,500 MW of newly announced projects. The net effect was to reduce the amount of capacity under development to 74,000 MW in 1994, from 93,000 MW in 1993. Projects were identified as inactive for a variety of reasons, including lost bids in utility solicitations as well as solicitations canceled by utilities. Last year also lagged previous years in terms of capacity coming on-line. In 1993, 66 independent generating projects entered service totaling 2856 MW; the previous year, 103 projects totaling 3900 MW started up. According to the report, non-utility generating (NUG) plants now total 51,300 MW, or about 7.3% of US capacity.

Internationally, however, IPP activity is brisk. In a presentation before the more than 1100 attendees of the recent ninth annual *Cogeneration and Independent Power Market Conference*, cosponsored by *Power* magazine and McGraw-Hill's *Independent Power Report* newsletter, RCG/Hagler, Bailly's Jean-Louis Poirier said that over the past three years, 760 independent-power "initiatives" were announced in 74 countries. Total capacity: 280,548 MW. Asia is the leader with 426 projects in 31 countries totaling 176,256 MW. Next comes Europe with 182 projects in 20 countries (60,720 MW) and Latin America with 152 projects in 23 countries (43,572 MW). By country, the People's Republic of China is first with 52 solicitations for 113,000 MW, followed by India with 95 solicitations for 29,000 MW, Pakistan with 11 solicitations for 15,000 MW, and Turkey with 12 solicitations for 7000 MW.

Wisconsin Public Service Co receives 1800 MW in response to its December 1993 RFP for 100 to 150 MW in the 1997-1999 time period. Power Co cancels its supply-side solicitation for 405-MW additions announced earlier because of load and resource requirements shows no need for capacity additions until 1999. Btu Energy Inc., Bellevue, Wash., plans a 438-MW natural-gas-fired powerplant in Montana in partnership with Siemens Power Ventures, New York, NY. Btu Energy was selected to develop the project by Columbia Falls Aluminum, which wants an alternative to electricity supplied by Bonneville Power Administration. The coal fields of southwestern Virginia and southern West Virginia could experience a boom in NUG projects in the late 1990s, according to utilities in the region and some NUG developers—such as Wheelmoreland Energy Corp., Charlottesville, Va., and Cogentrix Energy Inc., Charlotte, NC. Reason: The central Appalachian region is close to abundant fuel supplies, adequate water, and acceptable ash-disposal sites. The stumbling block to development has been the ability to sell the power because the demand for new generating capacity currently is low. But with the demand expected to rebound by late in the decade, when new high-voltage transmission lines are scheduled for operation, significant development opportunities are expected. Hydro-Quebec says it now expects to add no more than 300 MW of NUG capacity to its system through the rest of the 1990s because of slower-than-expected demand growth. Half of this capacity will come from natural-gas-fired cogeneration projects, remainder from renewable energy facilities. Previously, utility expected to add 760 MW of NUG capacity, or about 1926 MW contracted in the past two years. Two turnkey contractors remain on North Carolina

Electric Membership Corp's shortlist of firms for a 300-MW combined-cycle plant to be built in the western part of the state by year 2002. Indeck Energy Services Inc., Buffalo Grove, Ill., has proposed a 304-MW plant, J Makowski Co, Boston, Mass., a 324-MW project with a 60-MW reserve facility, and Black & Veatch Construction Inc., Kansas City, Mo., a 330-MW primary plant and a 74-MW reserve unit. San Diego Gas & Electric Co asks the California Public Utilities Commission to withdraw its 500-MW South Bay repowering application because prices emerging from PUC-mandated solicitations, now under review, may produce more economical options. KVA Resources, Bellevue, Wash., offers a 240-MW, natural-gas-fired cogeneration project in response to solicitation by Snohomish County PUD. The independent confirms that it has signed a preliminary agreement to buy 40 acres at an inactive Weyerhaeuser Co pulp mill in Everett, Wash., where it would build the powerplant, as well as a de-linking plant for recycling purposes. J Makowski Co, Boston, Mass., and US Generating Co, Bethesda, Md., say they also will propose natural-gas-fired powerplants in Washington in response to the Snohomish request. Canyon Power Inc., Langley, BC, Canada, agrees to sell BC Hydro 6.5 MW for 20 years from a wood-fired cogeneration plant it will build adjacent to Lytton Lumber Ltd., Lytton, BC. The lumber mill would buy steam for its dry kiln operations. Pelsky Energy, Northbrook, Ill., plans a 30-MW, tire-burning plant at Fort St. Luke, Fla. The facility would be built on a site adjacent to a high-voltage transmission line owned by Florida Power & Light Co with access to the Florida East Coast Railroad, which could be used to transport used tires to the plant. Proposed startup is in 1999 with FPL wheeling power to Tampa Electric Co under a pending 30-yr contract. Ark Energy, Laguna Hills, Calif., and partner CSW Energy, Dallas, Tex., complete financing for their 124-MW Mulberry Energy cogeneration project and a related ethanol plant in Bartow, Fla. Construction of both facilities is under way, with Florida Power Corp and Tampa Electric Co scheduled to receive power beginning in July; startup of the ethanol plant, the steam host, is expected by yearend. Kansas City Power & Light Co proposes with Black & Veatch Power Development Co, Kansas City, Mo., a 700-MW, coal-fired, non-rate-based unit at the utility's Indian site. None of the power would be sold to KCP&L or its affiliates. In connection with the project, the utility files with the Federal Energy Regulatory Commission an open-access transmission tariff and a request to sell power beginning about year 2000 at market rates. Nine bidders—including Dentco Energy Inc., Houston, Tex., and Enron Power Ventures Corp., Houston, Tex.—respond to the city of Las Cruces' (NM) RFP to supply up to 80 MW. The city hopes to end retail service from El Paso Electric Co and establish a municipal utility over the next three years. Baltimore Gas & Electric Co says PECO Energy, Philadelphia, Pa., has the winning bid in its 140-MW solicitation. Selection was made from among 28 bids totaling 3260 MW. Contract is to start in June 1997. California Energy Commission grants Shell Oil Co a small-powerplant exemption for a 98.5-MW, natural-gas-fired cogeneration plant, which will supply both steam and electricity to the company's Marlex refinery in Contra Costa County. Mobil Oil Co agrees to defer a 78-MW cogeneration project at its Torrance (Calif.) refinery in return for rate concessions from Southern California Edison Co. Nevada Energy Co, Reno, Nev., and New World Power Corp, Limerock, Conn., form a joint venture—the San Jacinto Power Co—to acquire, develop, retrofit, maintain, and operate wind energy facilities within Southern California Edison Co's service territory.

4.6.2001 11.11)