

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for certification as a qualifying facility pursuant to Rule 25-17.080, F.A.C., by Florida Biomass Energy Group, L.L.C. | DOCKET NO. 060367-EQ  
ORDER NO. PSC-06-0596-PAA-EQ  
ISSUED: July 7, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
J. TERRY DEASON  
ISILIO ARRIAGA  
MATTHEW M. CARTER II  
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION  
ORDER CERTIFYING QUALIFYING FACILITY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Florida Biomass Energy Group, L.L.C, ("Florida Biomass" or company) is a Florida limited liability corporation seeking certification as a qualifying facility (QF) pursuant to Rule 25-17.080, Florida Administrative Code. The company has filed a petition describing plans to install electric generation equipment that would be located on a farm in central Florida where a biomass fuel crop would be grown. For the reasons explained below we approve Florida Biomass's request and hereby certify that it is a Qualifying Facility under our Rule 25-17.080(1), Florida Administrative Code. We have jurisdiction over this matter pursuant to sections 366.051, 366.80 through 366.85, and 366.91, Florida Statutes.

DECISION

Florida Biomass proposes to build a combustion turbine nominally rated at 85 MW, with a matched heat recovery steam generator coupled to a steam turbine generator having a nominal 60 MW capacity rating. The combustion turbine would use a liquid fuel obtained by pyrolysis conversion of an agricultural (biomass) crop grown on the site. The agricultural portion of the operation is expected to require some 15,000 acres.

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The complete operation will be located at a single site. The biomass for the fuel will be grown in a "closed-loop" agricultural process. The term "closed-loop" refers to the cyclic pattern whereby electric generation processes release materials that will be taken back up in the growth of the biomass crop. For example, carbon dioxide will be released as the biomass fuel is converted to oil and then burned in the combustion turbine; however, the fuel crop that is growing is converting carbon dioxide into the compounds that provide the heat content of the biomass fuel. Start-up fuel, consisting of propane or No. 2 fuel oil, will be less than 5% of the thermal input for generation.

In its petition, the company asserts that the project meets all requirements for certification as a QF under the rules of the Federal Energy Regulatory Commission (FERC) except for the FERC size limitation, which is a maximum of 80 MW. Rule 25-17.080(1), Florida Administrative Code, allows small power producers to petition the Commission to be granted QF status for the purpose of receiving energy and capacity payments if they otherwise meet requirements set forth in the rules. The Commission rule does not contain the size limitation that FERC's rules do. The Commission rule affords QF status if the petitioner meets the objectives of economically reducing Florida's dependence on oil and deferring utility power plant expenditures.

Rule 25-17.080(2)(b), Florida Administrative code, requires at least 50% of the energy source to be renewable, but estimates for this project put renewable energy at 95% or more. Rule 25-17.080(2)(c) sets an ownership criterion that precludes 50% or greater ownership by a utility, utility holding company, or subsidiary. Florida Biomass has provided a description of its ownership, and no electric utility, utility holding company or utility subsidiary has an ownership interest in the Biomass Investment Group.

The proposed project will produce electric energy that can be sold to end users through a retail electric service provider. The project would replace fossil fuel generation with generation from a renewable energy source, and contribute to the deferral of utility power plant expenditures for additional generation. For these reasons we find that the proposed project meets all requirements for certification as a qualifying facility under our Rule 25-17.080, Florida Administrative Code.

Since this docket was opened, Progress Energy has filed a petition<sup>1</sup> for approval of a negotiated contract executed by the parties to enable the purchase of the capacity and energy from the project. The economic advantages for Florida ratepayers will be examined in detail within the review of that contract.

It is therefore,

ORDERED by the Florida Public Service Commission that the Petition for certification as a qualifying facility pursuant to Rule 25-17.080, Florida Administrative Code, by Florida Biomass Energy Group, L.L.C. is approved. It is further

<sup>1</sup> Docket No. 060387-EQ, In re: Petition for Progress Energy Florida, Inc. for approval of a negotiated purchase power contract with Florida Biomass Energy Group, LLC.


ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 7th day of July, 2006.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By:

  
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Kay Flynn, Chief  
Bureau of Records

( S E A L )

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 28, 2006.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.