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8.12.04

2005 RFP

020953-EI

**Technical Evaluation of Bidders' Responses
Environmental Issues**

March 28, 2002

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Evaluation Items	Bidder			
	B	C	D	F
Minimum Evaluation Requirements:				
➤ Preliminary environmental analysis performed and submitted to Florida Power	N	Y	Y	Y
➤ Reasonable schedule for securing permits presented and evidence provided that permits are likely to be secured	N	Y	Y	Y
Technical Criteria – Permitting Certainty:				
➤ Well-conceived plans for securing all required permits	N	Y	Y	Y
➤ Demonstration of a thorough understanding of the permitting process	Y	Y	Y	Y
➤ Realistic permitting and approval schedules.	N	Y	Y	Y
➤ Progress in securing permits	N	Y	Y	Y
Relevant Experience:				
➤ Permitting and approvals	Y	Y	Y	Y
➤ Environmental compliance	N	N	N	Y

NOTE: The evaluation in the table above reports whether or not specific items were provided in each of the Bidders' proposals. The evaluation discussions below highlight the areas of strength and weakness found in each bid. Overall, with respect to environmental matters, the ranking of the projects would result in Bidder B being lowest, Bidder C the highest, and Bidders D and F equally in the middle.

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Evaluation Discussions

Bidder B

With respect to the Greenfield option, this bid is the least robust of all four proposals evaluated. Major questions remain regarding water supply, wastewater disposal, and overall site condition. There has been no progress in securing any permits or approvals, and no information was provided as to a plan or schedule for submitting applications. The assumptions made by Bidder B regarding their ability to secure permits for the site are based upon significant permitting experience in the state of Florida; however, the location of the proposed south central Polk County site is unique, and it cannot be assumed that permit approvals (particularly water supply) equate to their previous experience. Specific concerns include:

- **Water Supply:** In the bid it is assumed that an existing consumptive use permit will be transferred to the Bidder's control with their procurement of the site. This is not a certainty. The site is within the Southwest Florida Water Management District's Southern Water Use Caution Area (SWUCA), as are all four of the Bidders' projects, and allowances for groundwater withdrawals are not assured. It must also be noted that the purpose of the water to be withdrawn will be different than what is currently permitted. (NOTE: no information was provided regarding current site / permit ownership). The concept of water cropping was presented in the bid; however, no detail regarding assumptions or a basis to consider this a feasible option was provided. Water cropping initiatives require approvals from several agencies, and although encouraged by the agencies, are not guaranteed. The option for water to be supplied from other industrial / reuse water sources is a valid option, but again, no specifics have been provided to determine if it is likely for the project.
- **Wastewater Disposal:** No information was provided in the bid; therefore, it was impossible to evaluate the feasibility of this matter.
- **Air Compliance:** Technology and permitting assumptions may not be achievable; the Bidder's proposal anticipates a 3.5 PPM level for NOx BACT, and all other bidders (as well as current agency expectation) are anticipating a limit of 2.5 PPM. The site is relatively small (50 acres); therefore, there may be difficulty in meeting air quality requirements at the property boundary.
- **Mining / Reclamation Lands:** Because details of the proposed site are not provided it is impossible to determine if any obligations associated with mandatory reclamation lands could affect their regulatory status and thereby the likelihood of utilizing these areas for any purpose.
- **Environmental Site Assessment (ESA):** No Phase I ESA has been performed; therefore, no information is available regarding contamination or other site conditions such as wetland impacts or threatened / endangered species concerns.
- **Linear Facilities:** Given the close proximity of two existing sources of natural gas (FGT and Gulfstream pipelines), it is feasible that gas could be transported via new lateral pipelines; it is reasonable to expect that permits could be secured. Electrical transmission lines cross the project site; however, no information was provided as to how power will be moved from the site to the Florida Power system. A rail spur is also available on the site.
- **Environmental Compliance:** No information was provided on Bidder's history of environmental compliance.

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Bidder C

This proposal has substantial level of detail pertaining to environmental matters, and it appears that the primary permitting issue at stake is the approval of zoning of the site. This issue is unique to the bids under consideration, as all others are proposed in phosphate areas that are already zoned for power generation plants. The matter of this project's zoning has been highlighted in recent articles of the local press. No permit applications have been filed to date; however, negotiations are underway with the City of Winter Haven and other agencies. The Bidder anticipates that all agency approvals will be addressed via the Site Certification Application to be submitted to the Florida Department of Environmental Protection in September 2002. The site appears to be well-suited with respect to many environmental matters, including water supply, wastewater disposal, and air permitting. Below are highlights of the project:

- **Water Supply:** The site will employ water reuse technology to meet the project's needs. Obtaining water from the City of Winter Haven's wastewater treatment system will be viewed favorably by environmental agencies and citizens as well. A question regarding the level of treatment given the wastewater remains, as the state of Florida does require high level of treatment for any water to be utilized in cooling towers. This requirement targets human health effects and the drift associated with the towers. It is assumed that to acquire agency approvals, the quality of the wastewater will comply with these requirements. The possibility of capturing and utilizing rainfall runoff is also contemplated in the bid; however, no detailed plans for water cropping were provided in the bid (agency approvals are required for this type of system).
- **Wastewater Disposal:** The City of Winter Haven will accept wastewater generated by the project; no discharges to surfacewaters or groundwaters are proposed.
- **Air Compliance:** The assumptions made by the bidder are reasonable: NOx BACT at 2.5 PPM. Permit approvals are likely given the site location and property size.
- **Environmental Site Assessment (ESA):** No Phase I ESA has been performed; however, the bidder did present some level of detail on site conditions, land use, etc. that would indicate that significant environmental issues are not likely to be identified during such an assessment. Specifically, the issues of wetland areas, environmentally sensitive lands, historical and archaeological sites were discussed in the bid.
- **Linear Facilities:** Natural gas can be provided to the site via the construction of a new lateral line from an existing FGT pipeline located within a mile of the site. Transmission connection to Florida Power's electrical system can be made via the West Lake Wales Substation or by crossing city-owned property. A rail spur is to be constructed to connect to the rail line along the east boundary of the City's 1700-acre property. No environmental hurdles were identified for the permitting of these facilities.
- **Environmental Compliance:** No information was provided on the Bidder's history of environmental compliance.

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Bidder D

This bid includes flexibility for in-service timeframes because its Greenfield approach is to expand upon a currently planned "merchant" plant (Unit 1). In review of the information provided regarding on-going permit initiatives, it appears that Bidder D is seeking to utilize the Florida Power bid process to position themselves to expand a "merchant" site and thus their customer base. Significant progress has been made in securing approvals for Unit 1. Approval for the addition of Unit 2 (necessary to meet the requirements of the 2005 RFP) would have to be obtained separately via the Site Certification Application process (scheduled for application September 1, 2002). A significant amount of detail was provided for consideration of this bid.

- **Water Supply:** The bid proposes to acquire water from three new 850-foot wells to be drilled on the site. It is assumed that as a lessee of IMC property, a permit modification will be granted to IMC to allow for this access to groundwater. As the site is within the Southern Water Use Caution Area (SWUCA), this assumption may not be easily met. Application was made to the Southwest Florida Water Management District in November 2001, and the bid states a permit is expected in August 2002; no indication was provided as to the District's current position on this request. No other water supply options are discussed in the bid, which makes the proposal hinge on only one possible source. Given the restrictions in the SWUCA, this situation makes water supply a critical risk point for the project's feasibility.
- **Wastewater Disposal:** The bid's proposal to utilize a zero-liquid discharge system eliminates the need for permitting efforts associated with wastewater disposal, and is a plus for the bid.
- **Air Compliance:** A permit has been issued for Unit 1, and it is likely that Unit 2 could also be permitted. A 2.5 PPM of NOx is anticipated.
- **Mining / Reclamation Lands:** The project is proposed to be constructed on IMC phosphate mining property. No representations were made in the bid to ensure that activities on any mandatory lands could occur or would not be prohibited due to previous reclamation obligations.
- **Environmental Site Assessment (ESA):** A Phase I ESA was completed by the Bidder's consultant in April 2001. No significant environmental issues were identified during the assessment. Wetlands are on site, and permits have been secured from the Florida Department of Environmental Protection and the U.S. Army Corps of Engineers; no mitigation was required.
- **Linear Facilities:** Gulfstream will permit and construct a new lateral pipeline necessary to provide natural gas to the site. A new electrical transmission line will be constructed to connect the project to the Hines Substation; no determination has been made regarding environmental impacts (wetlands, migratory bird, etc.) of this transmission line. Bald eagles have been known to nest in the immediate vicinity of this project, and this may be an issue for the permitting and scheduled construction of the transmission line. (NOTE: This information was not provided by the Bidder, but is known by Florida Power's Environmental Services Section staff.)
- **Environmental Compliance:** No information was provided on Bidder's history of environmental compliance.

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Bidder F

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This project is currently underway, and as with Bidder D, is being pursued outside of the Power Plant Siting Act. Florida Power's acceptance of this bid would open the opportunity for the Bidder to expand the site to its potential capacity of 750 MW. Significant progress has been made on the permitting initiatives associated with the development of the site (up to 74.9 MW steam generation).

- **Water Supply:** As stated by the Bidder, "This is the most problematic permit." Application to modify CFI's existing permit to acquire 3 MGD of groundwater (as make-up water for the power plant) has been made. The water supply permitting scenario with this bid is somewhat similar to those of Bidders B and D, and is by no means assured of approval. As there are no other water supply options identified in the bid, this is a critical issue for the success of the proposed project.
- **Wastewater Disposal:** The bid proposes to utilize CFI's Initial Settling Area (ISA) to discharge cooling water. A modification of CFI's existing NPDES permit must be approved by the Florida Department of Environmental Protection, and the Bidder reports that it is "virtually completed." The use of the ISA is an innovative use of an existing facility; however, there is a question regarding the life of the pond and its long-term ability to serve the power plant. No detailed information was provided to assure that as the ISA may fill with clay, there is provision for additional storage volume (i.e., expand the pond or utilize other CFI ponds).
- **Air Compliance:** A draft permit has been issued for the site, and all conditions are within expectations. It is reasonable to assume that permits for an expanded site (to 750 MW) would be granted and acceptable.
- **Mining / Reclamation:** As with any activity on mined / reclaimed land, confirmation must be made that none of the proposed activities are in conflict with CFI's regulatory obligations.
- **Environmental Site Assessment (ESA):** The bid did not specify whether or not a Phase I ESA has been performed; however, information was provided regarding site features (wetlands, threatened and endangered species, historical / archaeological areas, land use, etc.). Based upon this information, no significant issues were raised.
- **Linear Facilities:** Natural gas will likely serve the site via a new 2-mile long lateral pipeline off of the FGT pipeline. A rail spur will be constructed to connect the site to SR 663. No detail was provided as to a tie into the Florida Power transmission system. Obtaining the necessary approvals for these linear facilities should not pose a problem.
- **Environmental Compliance:** This Bidder was unique in reporting its environmental compliance status. No specifics were given; however, the bid did include reference to "non-compliance notices" that have been or are being addressed ... none were reported to be significant.

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