

832258

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
APPLICATION FOR USE DETERMINATION
FOR POLLUTION CONTROL PROPERTY

2008 MAY 23 AM 8:43

CHIEF CLERKS OFFICE

The Texas Commission on Environmental Quality (TCEQ) has the responsibility to determine whether a property is a pollution control property. A person or political subdivision seeking a use determination for pollution control property must complete the attached application or use a copy or similar reproduction. For assistance in completing this form refer to the TCEQ guidelines document, *Property Tax Exemptions for Pollution Control Property*, as well as 30 TAC §17, rules governing this program. For additional assistance please contact the TCEQ Tax Relief for Pollution Control Property Program at (512) 239-6348 or (512)239-1917. The application should be completed and mailed, with the appropriate fee, to: TCEQ MC-214, Cashiers Office, P.O. Box 13088, Austin, Texas 78711-3088.

1. GENERAL INFORMATION

A. What is the type of ownership of this facility:

- Corporation
- Partnership
- Limited Partnership
- Sole Proprietor
- Utility
- Other

B. Size of company: Number of Employees

- 1 to 99
- 100 to 499
- 500 to 999
- 1,000 to 1,999
- 2,000 or more

C. Business Description: (Provide a brief description of the type of business or activity at the facility): Power generation.

2. TYPE OF APPLICATION

- A. Tier I \$150 Application Fee.
- B. Tier II \$1,000 Application Fee.
- C. Tier III \$2,500 Application Fee.
- d. Tier IV \$500 Application Fee.

NOTE: Enclose a check or money order to the TCEQ along with the application to cover the required fee.

3. NAME OF APPLICANT

- A. Company Name: Freeport Energy Center, L.P.
- B. Mailing Address (Street or PO Box): 4100 Underwood Road
- C. City, State, ZIP: Pasadena, TX 7507

4. PHYSICAL LOCATION OF PROPERTY REQUESTING A TAX EXEMPTION

- A. Name of Facility or Unit: Freeport Energy Center, L.P.
- B. Type of Mfg. Process or Service: Electric Power Generation
- C. Street Address: 2301 N. Brazosport Blvd
- D. City, State, ZIP: Freeport, TX 77541
- E. Tracking Number Assigned by Applicant: _____

07-11994

F. Customer Number or Regulated Entity Number: _____

5. APPRAISAL DISTRICT WITH TAXING AUTHORITY OVER PROPERTY

A. Name of Appraisal District: Brazoria County Appraisal District

B. Appraisal District Account Number: POLL-Fren-001

6. CONTACT NAME (must be provided)

A. Company/Organization Name: Calpine/Dow

B. Name of Individual to Contact: Justin Hyland/Leo Scherrer

C. Mailing Address: 717 Texas Avenue

D. City, State, ZIP: Houston, TX 77002

E. Telephone number and fax number: (713) 830-8873 / (713) 830-8670

F. E-Mail address (if available): HylandJ@Calpine.com Lscherrer@dow.com

7. RELEVANT RULE, REGULATION, OR STATUTORY PROVISION

MEDIUM	RULE/REGULATION/LAW
Air	40 CFR Part 60 Standards of Performance for New Stationary Sources, General Conditions Subpart A, HRSGs Subpart Dv, Subpart GG Standards of Performance for Stationary Gas Turbines.
Water	
Waste	

8. DESCRIPTION OF PROPERTY (Complete for all applications)

This project included the installation of a HRSG (heat recovery steam generation) system. This project was driven by the requirement to reduce NOx. The existing power generation could not be retrofitted and achieve the required NOx reduction.

Partial Percentage:

This power generation facility is located in an Ozone Non-attainment area, Brazoria county, and therefore NOx reductions were mandatory at the Freeport site of The Dow Chemical Company. In order to meet the NOx reduction an agreement was reached whereby the Freeport Energy Center (Calpine) built a replacement power generation facility to replace Dow's aging Power 4 plant. The Power 4 plant had an effective age of over 40 years. The new power generation facility was built with NOx reduction being the primary driving force. The existing power generation facility owned by The Dow Chemical Company was shutdown. On a ppm basis NOx concentrations were reduced from 147 ppm at the old existing power facility to a lower level of 3 ppm with the new power generation facility. Due to the age of the existing facility a retrofit was not practical.

The partial percentage is calculated and based on the NOx reduction.

$$V \% = \frac{147 \text{ ppm} - 3 \text{ ppm}}{147 \text{ ppm}} \times 100 = 98\%$$

11. PROPERTY CATEGORIES AND COSTS

Property	Property Taxable on or before 1/01/94	Decision Flow Chart Box 7, 9, or 10	PEL Number	Estimated Purchase Cost	Partial Percentage
Land					
Property	No	3, Fig 17.15 (b)			98%
Heat recovery steam generation system			B-8	\$15,300,000	
Steam turbine/generator,			B-10	\$18,000,000	
Condenser and ancillary pump system.			B-8	\$8,000,000	
Totals				\$41,300,000	98%

12. EMISSION REDUCTION INCENTIVE GRANT

Will an application for an Emission Reduction Incentive Grant be filed for this property/project:

Yes No

13. APPLICATION DEFICIENCIES

After an initial review of the application, the TCEQ may determine that the information provided with the application is not sufficient to make a use determination. The TCEQ may send a notice of deficiency, requesting additional information that must be provided within 30 days of the written notice.

14. FORMAL REQUEST FOR SIGNATURE

By signing this application, you certify that this information is true to the best of your knowledge and belief.

NAME: Locherer DATE: 3/28/2008

TITLE: Sr Tax Specialist

COMPANY: The Dow Chemical Co.

Under Texas Penal Code, Section 37.10, if you make a false statement on this application, you could receive a jail term of up to one year and a fine up to \$2,000, or a prison term of two to 10 years and a fine of up to \$5,000.

15. DELINQUENT FEE/PENALTY PROTOCOL

This form will not be processed until all delinquent fees and/or penalties owed to the TCEQ or the Office of the Attorney General on behalf of the TCEQ are paid in accordance with the Delinquent Fee and Penalty Protocol.(Effective September 1, 2006)



4/2/2008 6:00:51PM

PROPHECY AR OUTSTANDING PAST DUE TRANSACTIONS REPORT

TRAN BALANCE
OUTSTANDING

ACCOUNT	FEE	CUSTOMER NAME	INVOICE	FAC/PER	TRAN DATE	DUE DATE	DESCRIPTION	TRAN BALANCE OUTSTANDING
0023442U	UST	FREEMAN OR	SC2508-005	0000043732	APR11.05	APR11.05	LATE FEE FOR UST0556893	0.52
0023442U	UST	FREEMAN OR	SC2508-006	0000043732	APR11.05	APR11.05	LATE FEE FOR UST0526431	0.52
0023442U	UST	FREEMAN OR	SC2508-007	0000043732	APR11.05	APR11.05	LATE FEE FOR UST0500214	0.52
0023442U	UST	FREEMAN OR	SC2508-008	0000043732	APR11.05	APR11.05	LATE FEE FOR UST0467889	0.52
0023442U	UST	FREEMAN OR	SC2509-001	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0654261	0.52
0023442U	UST	FREEMAN OR	SC2509-002	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0631019	0.52
0023442U	UST	FREEMAN OR	SC2509-003	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0606742	0.52
023442U	UST	FREEMAN OR	SC2509-004	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0581320	0.52
0023442U	UST	FREEMAN OR	SC2509-005	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0556893	0.52
0023442U	UST	FREEMAN OR	SC2509-006	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0526431	0.52
0023442U	UST	FREEMAN OR	SC2509-007	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0500214	0.52
0023442U	UST	FREEMAN OR	SC2509-008	0000043732	MAY10.05	MAY10.05	LATE FEE FOR UST0467889	0.52
0023442U	UST	FREEMAN OR	SC2510-001	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0654261	0.52
0023442U	UST	FREEMAN OR	SC2510-002	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0631019	0.52
0023442U	UST	FREEMAN OR	SC2510-003	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0606742	0.52
0023442U	UST	FREEMAN OR	SC2510-004	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0581320	0.52
0023442U	UST	FREEMAN OR	SC2510-005	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0556893	0.52
0023442U	UST	FREEMAN OR	SC2510-006	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0526431	0.52
0023442U	UST	FREEMAN OR	SC2510-007	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0500214	0.52
0023442U	UST	FREEMAN OR	SC2510-008	0000043732	JUN09.05	JUN09.05	LATE FEE FOR UST0467889	0.52
0023442U	UST	FREEMAN OR	UST0676591	0000043732	SEP30.05	OCT30.05	U'GROUND TANK FEE TANKS:FY0	100.00
0023442U	UST	FREEMAN OR	UST10702372	0000043732	SEP30.06	OCT30.06	U'GROUND TANK FEE TANKS:FY0	100.00
TOTAL ACCOUNT: 0023442U								1,780.65

ACCOUNT	FEE	CUSTOMER NAME	INVOICE	FAC/PER	TRAN DATE	DUE DATE	DESCRIPTION	TRAN BALANCE OUTSTANDING
0048805U	UST	FREEMAN VICKIE	UST0444440	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY9	100.00
0048805U	UST	FREEMAN VICKIE	UST0444441	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY9	100.00
0048805U	UST	FREEMAN VICKIE	UST0444442	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY9	100.00
0048805U	UST	FREEMAN VICKIE	UST0444443	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY9	100.00
0048805U	UST	FREEMAN VICKIE	UST0444444	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY9	100.00
0048805U	UST	FREEMAN VICKIE	UST0444445	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY9	100.00
0048805U	UST	FREEMAN VICKIE	UST0444446	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY8	50.00
0048805U	UST	FREEMAN VICKIE	UST10444447	0000068421	SEP30.96	OCT30.96	U'GROUND TANK FEE TANKS:FY8	50.00
TOTAL ACCOUNT: 0048805U								700.00

ACCOUNT	FEE	CUSTOMER NAME	INVOICE	FAC/PER	TRAN DATE	DUE DATE	DESCRIPTION	TRAN BALANCE OUTSTANDING
24000027	DCR	FRESH INC DBA PRINCE	DCR0060546	105090195	JAN31.08	MAR01.08	DRY CLEAN REG FEE FY08Q2	62.50
TOTAL ACCOUNT: 24000027								62.50

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

April 03, 2008

CHIEF APPRAISER
BRAZORIA COUNTY APPRAISAL DISTRICT
500 N CHENANGO ST
ANGLETON TX 77515

This letter is to inform you that a Use Determination Application has been filed by:

FREEPORT ENERGY CENTER LP

for:

FREEPORT ENERGY CENTER LP
2301 N BRAZOSPORT BLVD
FREEPORT TX 77451-

This facility is located in **BRAZORIA** County.

A complete copy of the application is included with this letter. We recommend that a copy of this application be shared with the person who conducts the appraisal of this property.

This application has been assigned a tracking number of **07 -11994**. Please contact the Tax Relief for Pollution Control Property Program at (512) 239-3100 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Hatlett".

Ron Hatlett
Tax Relief for Pollution Control Property Program

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 8, 2008

CALPINE/DOW
JUSTIN HYLAND/LEO SCHERRER
717 TEXAS AVE
HOUSTON TX 77002 -

This letter is to inform you that on **4/8/2008**, Use Determination Application, **07-11994** (self assigned tracking number), was declared to be administratively complete. This application was filed for the following facility:

FREEPORT ENERGY CENTER LP
2301 N BRAZOSPORT BLVD
FREEPORT TX 77451

The next step in the Use Determination Application process is the technical review of the application. If this is a Tier I, II, or III application the technical review will be completed within sixty days of the administrative complete date. If this is a Tier IV application the technical review will be completed within 30 days of the administrative complete date. If additional technical information is required a notice of deficiency letter (NOD) will be issued. The time period between the issuance of the NOD and the receipt of the response is not counted in determining the length of the technical review. The TCEQ will notify you after the technical review has been completed. In accordance with the statute, the TCEQ has mailed a notice of receipt of this Use Determination Application to the **BRAZORIA** County Appraisal District. Please contact the Tax Relief for Pollution Control Property Program at (512) 239-3100 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Hatlett", written over a horizontal line.

Ron Hatlett

Tax Relief for Pollution Control Property Program

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

May 1, 2008

CHIEF APPRAISER
BRAZORIA COUNTY APPRAISAL DISTRICT
500 N CHENANGO ST
ANGLETON, TX 77515

This letter is to inform you that on 5/1/2008, a final determination was issued with regard to Use Determination application 07-11994, filed by:

FREEPORT ENERGY CENTER LP
FREEPORT ENERGY CENTER LP
2301 N BRAZOSPORT BLVD
FREEPORT, TX 77451

A copy of the use determination is included with this letter. House Bill 3121, enacted during the 77th Legislature Session, established a process for appealing a use determination. The Texas Commission on Environmental Quality (TCEQ) rules that implement the appeals process are at 30 TAC 17.25. Pursuant to 17.25(a)(1), an appeal must be filed within 20 days of receipt of the use determination. Should you choose to appeal the use determination, please submit a copy of your appeal to the TCEQ Tax Relief for Pollution Control Property program at the time of filing the appeal with the Chief Clerk of the commission.

In order to qualify for a tax exemption, the applicant must file an exemption request with your appraisal district. This exemption request must be accompanied by a copy of the positive use determination issued by the TCEQ. If you have any questions regarding this Use Determination or the appeals process, please call me at 512/239-3100.

Sincerely,

A handwritten signature in black ink, appearing to read "David Greer".

David Greer
Team Leader, Pollution Prevention

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 1, 2008

CALPINE/DOW
JUSTIN HYLAND/LEO SCHERRER
717 TEXAS AVE
HOUSTON, TX 77002

This letter is to inform you that on 5/1/2008, the technical review of Use Determination Application 07-11994 was completed. This application is for:

FREEPORT ENERGY CENTER LP
FREEPORT ENERGY CENTER LP
2301 N BRAZOSPORT BLVD
FREEPORT, TX 77451

The use determination is included with this letter. In order to request an exemption, a copy of this Use Determination, along with a completed exemption request form #50-248 (can be found at www.cpa.state.tx.us), must be provided to the Chief Appraiser of the appropriate appraisal district. This request must be made by April 30.

House Bill 3121, enacted during the 77th Legislative Session, established a process for appealing a use determination. The Texas Commission on Environmental Quality (TCEQ) rules that implement the appeals process are at 30 TAC 17.25. Pursuant to 17.25(a)(1), an appeal must be filed within 20 days of receipt of the use determination. Should you choose to appeal the use determination, please submit a copy of your appeal to the TCEQ Tax Relief for Pollution Control Property program at the time of filing the appeal with the Chief Clerk of the commission.

If you have any questions or require any additional information, please contact the Tax Relief for Pollution Control Property Program at (512) 239-3100.

Sincerely,

A handwritten signature in black ink, appearing to read "David Greer".

David Greer
Team Leader, Pollution Prevention

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

USE DETERMINATION

The Texas Commission on Environmental Quality has reviewed Use Determination Application, 07-11994, filed by:

**FREEPORT ENERGY CENTER LP
FREEPORT ENERGY CENTER LP
2301 N BRAZOSPORT BLVD
FREEPORT TX 77451**

The pollution control property/project listed in the Use Determination Application is:

This facility has thermally efficient heat recovery steam generators (HRSGs) and steam turbines. This application is a Tier IV application seeking a partial use determination for the HRSGs and the enhanced steam turbines.

The outcome of the review is:

A 100% positive use determination for the Heat Recovery Steam Generators. This equipment is considered to be pollution control equipment and was installed to meet or exceed federal or state regulations.

A negative determination is issued for the steam turbines. The use of the steam turbines does not provide an environmental benefit at the site. The steam turbines are not considered to be pollution control equipment.



Executive Director



Date

TAX RELIEF FOR POLLUTION CONTROL PROPERTY: TECHNICAL REVIEW DOCUMENT

Reviewed By: RLH App. No.: 07 - 11994 Review Start Date: 4/8/2008

Company Name: FREEPORT ENERGY CENTER LP
Facility Name: FREEPORT ENERGY CENTER LP
County: BRAZORIA Outstanding Fees: N
Batch/Voucher Number: B500289

ADMINISTRATIVE REVIEW

Administrative Complete Date: 4/8/2008

TIER LEVEL

What Tier is this application? The application was filed as a Tier IV application. Is this the appropriate level?

The property listed on this application, Heat Recovery Steam Generators and a steam turbine are items B8 and B10 on the Equipment and Categories List. This application was filed as a Tier IV. Tier IV is the appropriate level for this application.

RELEVANT RULE, REGULATION, OR STATUTORY PROVISION

The rule listed in the application is: 40 CFR 60.44Da
The appropriate rule is: 40 CFR 60.44Da

Explain why this is the appropriate rule?

40 CFR 60. Subpart DA: Standards of Performance for New Stationary Sources. Standards of performance for Electric Utility Steam Generating Units for Which Construction is Commenced after September 18, 1978. This is an appropriate rule.

BRIEF DESCRIPTION OF PROPERTY

The property is described as:

This facility has thermally efficient heat recovery steam generators (HRSGs) and steam turbines. This application is a Tier IV application seeking a partial use determination for the HRSGs and the enhanced steam turbines.

Is an adequate description and purpose of the property provided? Does it list the anticipated environmental benefits? Are sketches and flow diagrams provided if needed?

An adequate description of the property was provided, and the purpose of the property was listed. The anticipated environmental benefit is listed. Sketches and flow diagrams were provided.

DECISION FLOWCHART(30 TAC 17.15(a))

Mark the appropriate boxes: Box 3 Box 5 Box 6(IV) Y Box 10(III) Box 12(I) Box 13(II)

PART B DECISION FLOWCHART (17.15(b))

Mark the appropriate boxes: Box 1Y Box 2 Y Box 3 Y

Describe how the property flowed through the Decision Flowchart:

Since the property is listed on Part B of the Equipment & Categories List this property leaves the Decision Flow Chart at Box 6. It passes through Box 1 of the Part B Decision Flow Chart with a yes answer. The use of this property at a combined cycle plant, as opposed to having a simple

cycle plant, provides an environmental benefit of reduced NOx emissions at the site. So there is a Yes answer for Box 2, Since there is a reduction in NOx emissions there is an environmental rule which is being met so there is a yes answer to Box 3. The steam turbine passes through Box 1 on the Part B Decision Flow Chart with a yes answer. Since the use of the steam turbine does not provide an environmental benefit at the site a no answer is the result of Box 2. The steam turbine is not eligible for a positive determination.

TIER III or IV APPLICATIONS

Does your calculation agree with the applicants?

No. The application contains a proposed formula for calculating the pollution control value of the HRSGs and the steam turbine. The formula is outcome determinative, and its focus is not on the pollution control aspect of the property. The Executive Director disagrees with this formula.

PROPERTY CATEGORIES AND COSTS

Is the table completed correctly? Has the applicant certified that all listed property became taxable for the first time after January 1, 1994? Is all information necessary for conducting the technical review included.

The table was completed correctly. The applicant certified that all listed property became taxable for the first time after January 1, 1994. All the information necessary for conducting the technical review was included on the application.

TECHNICAL DEFICIENCIES

Is the application complete as received: Y If the application was not administratively complete explain below when justifying the final decision in the final determination section. If the application was not technically complete then:

Provide the language to be used in the Notice of Deficiency (NOD) letter:

Summarize the NOD response:

Provide the language used in the second NOD letter:

Summarize the second NOD response:

Provide the language used in the third NOD letter:

Summarize the third NOD response:

FINAL DETERMINATION

If the property description has been summarized enter the detailed property description:

This facility has thermally efficient heat recovery steam generators (HRSGs) and steam turbines.

This application is a Tier IV application seeking a partial use determination for the HRSGs and the enhanced steam turbines.

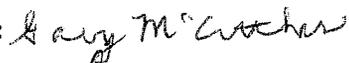
Provide the reason for your final determination:

The Heat Recovery Steam Generators meet all of the requirements of Chapter 17. A positive use determination based on the most appropriate formula should be issued for the Heat Recovery Steam Generators. The most appropriate formula has been determined by the Executive Director. A negative determination should be issued for the steam turbine. The use of the steam turbine does not result in there being an environmental benefit at the site.

Provide the language for the final determination.

A positive use determination of 100% for the Heat Recovery Steam Generators. A negative determination is issued for the steam turbine. The use of the steam turbine does not provide an environmental benefit at the site. The steam turbine is not considered to be pollution control equipment.

Highlight the required signatures and establish the appropriate due dates.

Reviewed: 	Date Signed: 5/1/08
Peer Reviewed: 	Date Signed: 5-1-08
Team Leader: 	Date Signed: 5/1/08
Section Manager: 	Date Signed: MAY 1 2008
Division Director: 	Date Signed: MAY 1 2008