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

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, Condenser and ancillary pump system.			B-10	\$18,000,000	
			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: Leo Scherer 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)

Bryan W. Shaw, Ph.D., *Chairman*  
Carlos Rubinstein, *Commissioner*  
Toby Baker, *Commissioner*  
Zak Covar, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

July 10, 2012

Mr. John Nichols  
Director, State & Local Tax  
Dow Chemical Company  
Tax Dept APB Bldg  
2301 Brazosport Blvd.  
Freeport, Texas 77541

Re: Notice of Negative Use Determination  
Freeport Energy Center, LP  
Freeport Energy Center  
3440 Lockwood Road  
Freeport (Brazoria County)  
Application Number: 07-11994

Dear Mr. Nichols:

This letter responds to Freeport Energy Center, LP's Application for Use Determination for the Freeport Energy Center, remanded to the executive director on June 29, 2012, pursuant to the Texas Commission on Environmental Quality's (TCEQ) Tax Relief for Pollution Control Property Program

The TCEQ has completed the review for application #07-11994 and has issued a Negative Use Determination for the property in accordance with Title 30 Texas Administrative Code (TAC) §17.4 and §17.6. Heat recovery steam generators and the condenser and ancillary pump system are used solely for production and, therefore, are not eligible for a positive use determination.

Please be advised that a Negative Use Determination may be appealed. The appeal must be filed with the TCEQ Chief Clerk within 20 days after the receipt of this letter in accordance with 30 TAC §17.25.

If you have questions regarding this letter or need further assistance, please contact Ronald Hatlett of the Tax Relief for Pollution Control Property Program by telephone at (512) 239-6348, by e-mail at [ronald.hatlett@tceq.texas.gov](mailto:ronald.hatlett@tceq.texas.gov), or write to the Texas Commission on Environmental Quality, Tax Relief for Pollution Control Property Program, MC-110, P.O. Box 13087, Austin, Texas 78711-3087.

Sincerely,

A handwritten signature in cursive script, appearing to read "cgoodin".

Chance Goodin, Team Leader  
Stationary Source Programs  
Air Quality Division

Mr. Greg Maxim  
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CG/RH

cc: Chief Appraiser, Brazoria County Appraisal District, 500 Chenango St., Angleton, Texas 77515-4650