

13534

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

The TCEQ has the responsibility to determine whether a property is a pollution control property. A person seeking a use determination must complete the attached application or 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 Tax Relief for Pollution Control Property Program at (512) 239-3100. The application should be completed and mailed, along with a complete copy and the appropriate fee, to: TCEQ MC-214, Cashiers Office, PO Box 13088, Austin, Texas 78711-3088.

Information must be provided for each field unless otherwise noted.

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 to 4,999
- 5,000 or more

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

Generation and Transmission of electric energy to member Distribution Cooperatives.

2. TYPE OF APPLICATION

- Tier I \$150 Fee
- Tier II \$1,000 Fee
- Tier III \$2,500 Fee
- Tier IV \$500 Fee

NOTE: Enclose a check, money order to the TCEQ, or a copy of the ePay receipt along with the application to cover the required fee.

3. NAME OF APPLICANT

A. Company Name: South Texas Electric Cooperative, Inc.

B. Mailing Address (Street or P.O. Box): P.O. Box 119

C. City, State, and Zip: Nursery, Texas 77976

4. PHYSICAL LOCATION OF PROPERTY REQUESTING A TAX EXEMPTION

A. Name of Facility or Unit: Sam Rayburn Power Plant

B. Type of Mfg. Process or Service: Electric Power Generation Plant

C. Street Address: 2849 FM 447

D. City, State, and Zip: Nursery, Texas 77976

E. Tracking Number (Optional): _____

F. Company or Registration Number (Optional): RN100222652

5. APPRAISAL DISTRICT WITH TAXING AUTHORITY OVER PROPERTY

A. Name of Appraisal District: Victoria Central Appraisal District

B. Appraisal District Account Number: P92854 ; R20369981

6. CONTACT NAME

923142 2005

TCEQ

A. Company/Organization Name	<u>H&H Associates</u>
B. Name of Individual to Contact:	<u>J.M. Harris</u>
C. Mailing Address (Street or P.O. Box):	<u>406 FM 3016</u>
D. City, State, and Zip:	<u>Grapeland, Texas 75844</u>
E. Telephone number and fax number:	<u>(936) 687-4230 (936) 687-9064</u>
F. E-Mail address (if available):	<u>jimharrisat-h-h@hughes.net</u>

7. RELEVANT RULE, REGULATION, OR STATUTORY PROVISION

For each media, please list the specific environmental rule or regulation that is met or exceeded by the installation of this property.

MEDIUM	Rule/Regulation/Law
Air	40 CFR PART 60; 30 TAC 116.110; 30 TAC 116.911; 30 TAC 117.131
Water	
Waste	

8. DESCRIPTION OF PROPERTY (Complete for all applications)

Describe the property and how it will be used at your facility. **Do not simply repeat the description from the Equipment & Categories List.** Include sketches of the equipment and flow diagrams of the processes where appropriate. Use additional sheets, if necessary.

The subject facility was commissioned in 2003. The Plant is a 177 MW gas-fueled, combined-cycle electric generating station. The Plant is made up of three 49 MW combustion turbines coupled with a 39 MW steam turbine by way of three heat recovery steam generators (HRSGs).

A combined cycle facility consists of one or more gas and steam turbines. The air expansion that occurs during the combustion process turns the gas turbine that drives the generator to produce electricity. The combustion in the gas turbine also produces a hot exhaust gas. In a combined cycle unit the heat produced during the combustion of natural gas is directed to the HRSG to generate steam used to turn a steam turbine. Therefore, both the gas and steam turbines generate electricity, improving thermal cycle efficiency from approximately 41.0% to approximately 50.6%. This allows more electrical energy to be produced for a given heat input than is possible by a simple cycle gas turbine (Brayton cycle) or traditional steam boiler / turbine (Rankin cycle) configuration. Since less fuel is required per kilowatt of power produced, less exhaust gas emissions (NOX, CO, CO2, etc.) are produced. Therefore, the HRSG' primary purpose of capturing and converting waste heat results in meaningful environmental benefits.

Efficiency gain due to HRSG: (50.6% / 41.0%) minus 1 = 23.4%

Environmental benefit: (reduction in emissions equals efficiency gain of 23.4%) = 23.4%

The purpose of this application is to request partial, if not full, property tax exemption for three Heat Recovery Steam Generators. Total cost of the HRSGs was \$16,872,160 of which \$3,107,859 is Tier I equipment which previously received a 100% exemption by way of Use Determination Application 03-7313, leaving a cost of \$13,764,301 to be dealt with by this application. We are aware that the TCEQ Staff has routinely granted a 100% exemption for the cost of Heat Recovery Steam Generators presumably because they were afforded special mention in HB 3732 enacted in 2007. Accordingly, we have requested a 100% exemption in Section 10.

Land: If a use determination is being requested for land, provide a legal description and an accurate drawing of the property in question.

9. PARTIAL PERCENTAGE CALCULATION

This section is to be completed for Tier III and IV applications. For information on how to conduct the partial percentage calculation, see the application instructions document. Attach calculation documents to completed application.

10. PROPERTY CATEGORIES AND COSTS

List each control device or system for which a use determination is being sought. Provide additional attachments for more than 3 properties.

Property	Taxable on 1/01/94?	DFC Box	ECL #	Estimated Cost	Use %
Land					
Property <u>Heat Recovery Steam Generator</u>	<u>No</u>	<u>3</u>	<u>B-8</u>	<u>\$13,764,301</u>	<u>100</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Totals					

11. EMISSION REDUCTION INCENTIVE GRANT

(For more information about these grants, see the Application Instruction document).

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

Yes No

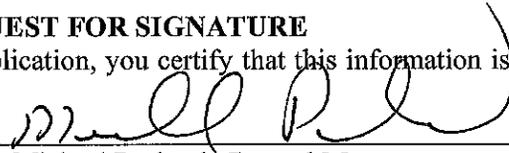
12. APPLICATION DEFICIENCIES

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.

13. FORMAL REQUEST FOR SIGNATURE

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

Name:



Date: 4/13/09

Title:

Michael Packard, General Manager

Company:

South Texas Electric Cooperative, Inc.

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.

14. 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)



Tax Relief for Pollution Control Property

Application Form – Effective January 2008

DRAFT

DISCLAIMER

This document is intended to assist persons in applying for a use determination, pursuant to Title 30 Texas Administrative Code Chapter 17 (30 TAC 17). Conformance with these guidelines is expected to result in applications that meet the regulatory standards required by the Texas Commission on Environmental Quality (TCEQ). However, the TCEQ will not in all cases limit its approval of applications to those that correspond with the guidelines in this document. These guidelines are not regulation and should not be used as such. Personnel should exercise discretion in using this guidelines document. It should be used along with other relevant information when developing an application.

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. J. M. Harris
Agent
H&H Associates
406 FM 3016
Grapeland, Texas 75844

Re: Notice of Negative Use Determination
South Texas Electric Cooperative, Inc.
Sam Rayburn Power Plant Expansion
FM 447
Nursery (Victoria County)
Regulated Entity Number: RN100222652
Application Number: 13534

Dear Mr. Harris:

This letter responds to South Texas Electric Cooperative, Inc.'s Application for Use Determination, received April 20, 2009, pursuant to the Texas Commission on Environmental Quality's (TCEQ) Tax Relief for Pollution Control Property Program for the Sam Rayburn Power Plant Expansion.

The TCEQ has completed the review for application #13534 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 are used solely for production; 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, 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

CG/RH

Mr. J. M. Harris
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cc: Chief Appraiser, Victoria County Appraisal District, 2805 N Navarro #300, Victoria, Texas 77901