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April 30, 2015

Ms. Barcy F. McNeal
Secretary
Docketing Division, 11th Floor
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

RE: Lima Energy Center
Case No. 14-1142-EL-BGA

Dear Ms. McNeal:

Please find enclosed responses to information requests from the Staff of the Ohio Power Siting Board to the Lima Energy Ultra Clean Synthetic Crude Production Facility that is the subject of the above referenced amendment application to the Ohio Power Siting Board.

The enclosed responses were prepared in response to requests from Staff of the Ohio Power Siting Board and have been provided to them in support of the Amendment Application.

If you have any questions or require further information, please do not hesitate to contact me.

Very truly yours,

s/Robert J. Schmidt, Jr.

Robert J. Schmidt, Jr.

RJS:clk
Enclosure
cc: Ray Strom
John Jones

COLUMBUS/1765180v.1

14-1142-EL-BGA
Lima Energy Amendment 2
Second Set of Staff Interrogatories

- 1) Please submit a revised construction schedule that clearly indicates the (a) Construction Start and (b) Commercial Operation dates for each Phase 1, 2, and 3.

RESPONSE: A revised schedule is attached as part of this response. It depicts the three phases to be implemented in series without overlap. However, as indicated in the application for Amendment 2, should commercial opportunities warrant, the project may adjust the schedule of either Phase 2 or Phase 3 to overlap to some degree. The resulting schedule compression would arguably have potential economies of cost and execution were such to happen.

- 2) On 2/27/2015, Ohio EPA modified PTIO # P0118491. Have Lima Energy Company's plans for carbon dioxide (as mentioned on page 8, item 11, of the Application for Amendment Number 2) changed? a) Has Lima Energy Company removed any of the units from its process (including but not limited to carbon dioxide compression, absorption, or drying units)?

RESPONSE: No, Lima Energy Company has not changed project plans or intentions with respect to carbon dioxide management, as outlined in Item 11 of Amendment 2. As such none of the equipment associated with production, conditioning and shipment of CO₂ has been eliminated from the project scope.

- 3) Condition #4 from the Opinion, Order and Certificate (Case No. 00-0513-EL- BGN) dated 5/20/2002 states "The Applicant shall not commence construction of the project until it has a signed Interconnection Agreement with AEP, which includes the construction, operation and maintenance of system upgrades necessary to reliably and safely integrate the proposed generating facility into the regional transmission system." and Condition #2 from Case No. 04-1011-EL-BGA states "In order to be able to place the requested additional 20MW of generation on the electric grid, Lima Energy shall request all necessary transmission related studies from the transmission system operator, and conclude any necessary agreements or amendments to its existing operating agreement, prior to commencement of construction of the steam turbine power block." What are your plans for satisfying these two conditions?

RESPONSE: As indicated in Amendment 2, the project scope and configuration have changed, with the CCGT not being implemented until the third phase of the current project. We believe neither of the two conditions you have referenced continues to be warranted as they are stated in the original certificate and Amendment 1, respectively – and should be deferred to Phase 3. For clarity, Lima Energy does not believe these two conditions should be preconditions to construction of any portion of Phases 1 & 2.

The original certificate was based on an IGCC, which had the combined cycle as a primary component and warranted an immediate interconnection agreement. Amendment 2 moves the combined cycle to the less important third phase, and is also subject to the timing of commercial interest.

The Amendment 1 condition, referenced above, was associated with the change of gasification technology and the resulting additional steam generation, which enabled the 20 MW of additional power generation. The condition dovetailed with the intent of condition 4 in the original certificate.

Lima Energy believes that neither of these conditions is relevant to the current scope and intent of the project, nor with the phased implementation anticipated by Amendment 2, and they should both be removed.

*Also, as stated in Amendment 2, until the gasification technology selection is finalized, it is unknown whether sufficient Phase 1 power will be generated by the steam turbine generator **to export energy and warrant a PJM Interconnection Service Agreement (ISA)**. If Phase 1 steam turbine generation is deemed to be only sufficient to operate the facility, then only a connection with the AEP system locally in order to import power for startup would be necessary. Until this uncertainty is resolved there will be no basis on which to make an application to PJM.*

As the facility is primarily for the production of synthetic crude oil and NOT power generation, and the CCGT (Phase 3) is not intended to be reliant on support from the other aspects of the facility, Lima Energy believes the PJM step should be done when export and export quantity are known.

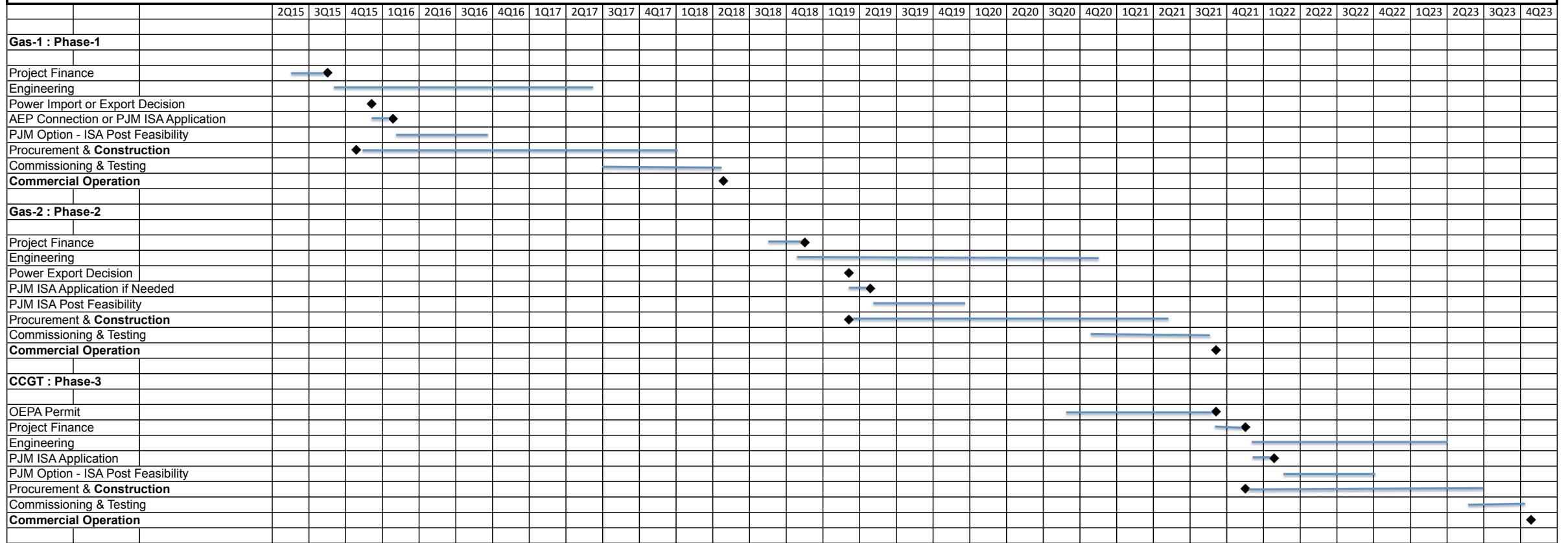
As for the Phase 1 steam turbine, because excess generation is expected to be limited, export of a small excess quantity of energy may not be warranted. Phase 2 is expected to warrant export when it is added. With this in mind, Lima Energy does not believe a PJM ISA should be a precondition of construction for any portion of the Phase 1 & Phase 2 facility increments. Lima Energy does understand that it would be imprudent for it to preclude a timely revenue stream when one is recognized while engineering the facility.

Respectfully Submitted,



*Dwight N. Lockwood, PE, QEP
Lima Energy – Responsible Official*

Lima Energy Project - Three Phase Schedule



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Case No(s). 14-1142-EL-BGA

Summary: Response to Staff's Second Data Requests to Lima Energy Company electronically filed by Mr. Robert J Schmidt on behalf of Lima Energy Company