Appendix A

Scoping Letter and Distribution List

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Department of Energy
Golden Field Office
1617 Cole Boulevard
Golden, Colorado 80401-3393

July 12, 2010

SUBJECT: Notice of Public Scoping – Montpelier Biomass District Energy CHP System, Montpelier, Washington County, Vermont

The U.S. Department of Energy (DOE) is proposing to provide federal funding to the City of Montpelier for the Montpelier Biomass District Energy Combined Heat and Power (CHP) System Project. In addition, the Federal Transit Administration (FTA) has provided the City of Montpelier with a Bus Discretionary grant (VT-03-0040) to construct a Multi-modal Transit Center in the downtown area. The City of Montpelier is proposing to use that Federal funding to design, construct and operate a 41 MMBtu biomass renewable energy facility, and possibly to co-locate the proposed transit center at this site. The proposed facility would be located on the site of the existing State plant in Montpelier, Vermont. The CHP district energy system would be fueled with wood chips primarily harvested from local and regional forests. The project would provide heat for State, City, and private buildings in the City of Montpelier that chose to connect to the system. A minor amount of electricity would also be generated to offset some current electrical use. Details of the proposed project and its location are contained in an attachment to this letter. Pursuant to the requirements of the National Environmental Policy Act (NEPA), the Council on Environmental Quality regulations for implementing the procedural provision of NEPA (40 CFR Parts 1500-1508), and the DOE's and FTA's procedures for implementing compliance with NEPA, DOE, in cooperation with the FTA, is preparing a draft Environmental Assessment (EA) to:

- Identify any adverse environmental effects that cannot be avoided should this proposed project be implemented.
- Evaluate a no action alternative.
- Describe the relationship between local short-term uses of the environment and the maintenance and enhancement of long-term productivity.
- Characterize any irreversible and irretrievable commitments of resources that would be involved should this proposed project be implemented.

Potential Environmental Effects or Issues Identified for the Environmental Assessment

The EA will describe and analyze any potential impacts on the environment that would be caused by the project and will identify possible mitigation measures to reduce or eliminate those impacts. The EA will describe the potentially affected environment and the impacts that may result to:

Potential Environmental Effects or Issues Identified for the Environmental Assessment

The EA will describe and analyze any potential impacts on the environment that would be caused by the project and will identify possible mitigation measures to reduce or eliminate those impacts. The EA will describe the potentially affected environment and the impacts that may result to:

- Water Resources
- Air Quality
- Biological Resources
- Harvesting of wood products
- Infrastructure
- Socioeconomics and Environmental Justice
- Human Health and Safety
- Cultural and Historical Resources
- Waste Management and Hazardous Materials
- Aesthetics
- Traffic and Transportation

Development of a Reasonable Range of Alternatives

DOE and the FTA are required to consider a reasonable range of alternatives to the proposed action during an environmental review. The definition of alternatives is governed by the "rule of reason." An EA must consider a reasonable range of options that could accomplish the agency's purpose and need and reduce environmental effects. Reasonable alternatives are those that may be feasibly carried out based on environmental, technical, and economic factors.

The No Action Alternative will be addressed. The need for project redesign, or a project alternative, will be determined in the course of environmental review.

Public Scoping

DOE and the FTA will make this letter available to all interested federal, state and local agencies to provide input on issues to be addressed in the EA. Agencies are invited to identify the issues, within their statutory responsibilities that should be considered in the EA. The general public is also invited to submit comments on the scope of the EA.

We also invite interested State, local, and Federal agencies, along with the public to participate in a public scoping meeting to learn more about the project and provide comments. That meeting will be held from 5:00 until 7:00 pm on August 3, 2010 at the City of Montpelier City Hall, 39 Main Street. An informal open-house will begin at 5:00 pm, followed by a presentation of the project at 5:30. Interested parties will be given an opportunity to provide their comments at this meeting.

The proposed project is described in detail in the attachment to this letter. This letter as well as the draft EA, when it is available, will be posted in the DOE Golden Field Office online reading room: http://www.eere.energy.gov/golden/Reading_Room.aspx.

The DOE Golden Field Office welcomes your input throughout our NEPA process, but to ensure that your comments are received in time to be considered in the EA, please provide them on or before **August 10, 2010** to:

Melissa Rossiter
NEPA Document Manager
Department of Energy
1617 Cole Boulevard
Golden, Colorado 80401
Melissa.rossiter@go.doe.gov

We look forward to hearing from you.

Sincerely,

Melissa Rossiter
DOE NEPA Document Manager

Enclosures

Attachment

Project Description

Montpelier Biomass District Energy CHP System and Transit Center
Proposed Project Description and Location

The U.S. Department of Energy (DOE) has awarded a Community Renewable Energy Deployment grant (DE-EE0003071) for $8 million to the City of Montpelier for the Montpelier Biomass District Energy CHP System Project (Project). In addition, the Federal Transit Administration (FTA) has provided the City of Montpelier with a Bus Discretionary grant (VT-03-0040) to construct a Multi-modal Transit Center in the downtown area, which may be co-located with the energy plant. The proposed Project would include the design, construction and operation of a 41-MMBtu biomass renewable energy facility and transit center in Montpelier, Vermont.

The existing State heating system consists of three boilers, two of which were installed as coal-fired boilers in 1946. Since that time, one of the boilers was retrofitted to burn wood chips and the other No. 6 oil. The third boiler, which is also oil-fired, was installed in 2005 and remains in good condition. The output of heating load of the existing buildings being served by this plant is estimated at 40.3-MMBtu. The proposed system would provide 41-MMBtu. The first phase of development for the plant would serve 17 State-owned buildings and 5 City-owned buildings that together represent a total load of 32.6-MMBtu. The remaining 8.4-MMBtu of capacity would be available for the public or commercial users.

The proposed facility would be located in the same general location as the existing State heating plant at 122 State Street in downtown Montpelier, Vermont. Montpelier is Vermont's capital city and is located within Washington County in the central part of the state. Montpelier is accessed via Interstate 89, US Route 2, and Vermont Route 12, in addition to the Winooski River and a rail line, both of which run through the downtown area.

The project site is located within the State Capitol Complex in the area behind the buildings on the south side of State Street. The Winooski River serves as the southern border for the project area. The site includes parking and access drives that surround the existing boiler building, which would be removed as part of the project. The existing chimney on the site would remain and be reused for both the new oil- and wood-burning boilers. Access to the site would be through existing driveways on State Street. Although the site is adjacent to both the Winooski River and the rail line, access from these alternative transportation modes is not feasible at this time.

The proposed system would include two separate buildings, one for the biomass boilers and wood chip storage and material handling, and one for the oil burning boilers and possible transit center. The biomass plant building would be an approximately 11,500 sq. ft. structure that would house two (2) new 600-HP wood chip-burning boilers and wood chip storage. The height of the proposed building would be approximately 40' for the boiler side and approximately 65' for the

wood storage, which would consist of two (2) 300-ton silos. Each silo would measure approximately 32' in diameter by 60' tall. The second building would house the oil-burning boilers and hot water distribution systems and is expected to be approximately 5,500 SF and 30' high. The two (2) 400-HP #6 oil-fired boilers would consist of one new boiler and one five-year-old boiler that would be relocated from the existing plant.

The State buildings are currently served by steam from the existing plant and these steam pipes would continue to be utilized under the proposed system. The proposed project would also include a hot water heat distribution network that extends to the east and west of the heating plant, in order to provide hot water service to City-owned buildings. The new distribution lines would consist of two hot water pipes – a supply run and a return run. Under the initial build-out, 23 State or City-owned buildings have been identified for connection, which would utilize approximately 80% of the final 41 MMBtuH capacity of the system. The distribution system would include mechanisms to allow for future connections as additional suitable public and commercial users are identified.

The project also would include the placement of two (2) new 20,000-gallon double-walled fuel oil storage tanks under the existing parking lot, west of the oil building. In addition, a new 650-kW standby power generator located on the north side of the oil building would provide power to the plant in the event of a utility outage.

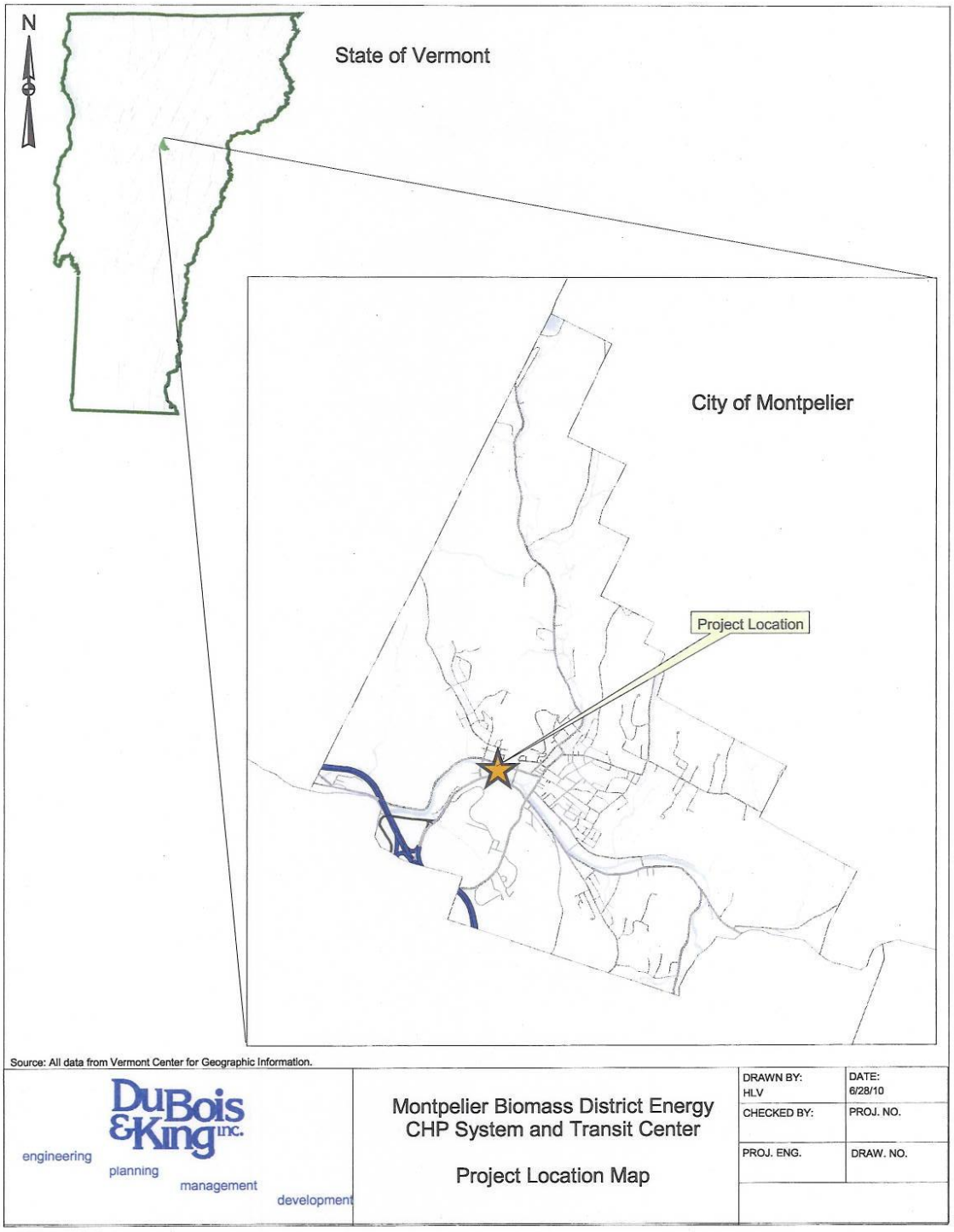
The Combined Heat and Power (CHP) portion of the project would include installation of a 400-kW steam turbine in the boiler plant in order to generate 1.1 million kWh of electricity, based on eight months of operation per year. Under the full build-out, the electrical generation could increase to 1.35-million kWh using the 400 kW turbine. This power would be used to serve the State complex by connecting to the existing electrical distribution system and would utilize bulk metering.

Fuel for the CHP system would primarily be from wood chips, with a back-up supply of #6 fuel oil. A definitive or single source of wood chips for the project, estimated to require approximately 12,200 green tons annually, has not been specified at this time.

The transit center portion of this project, if co-located with the heating plant, would include an approximately 1,600-square-foot facility that would be attached to the west side of the oil-boiler building. This facility would consist primarily of a public restroom, waiting area, and ticket-purchasing counter. The exterior of the transit center would also feature a covered platform for waiting passengers, bike racks, and a bus-loading zone.

Project location maps and an aerial photo of the proposed site location are attached.

Figure 1 – Project Location Map
Figure 2 – USGS Topographic Map
Figure 3 – Location Map with aerial photo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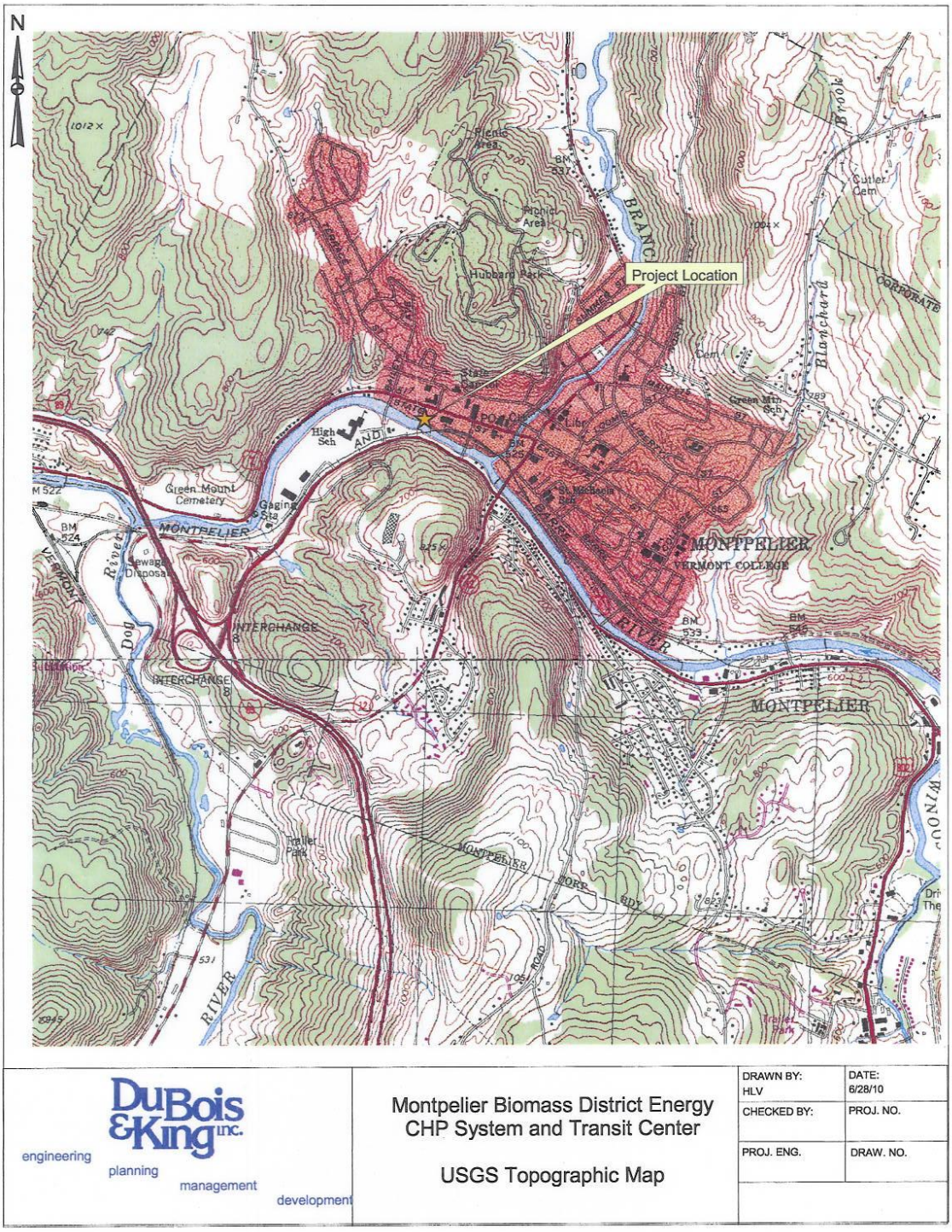
State of Vermont
City of Montpelier
Project Location
Source: All data from Vermont Center for Geographic Information.
DuBois & King inc.
engineering
planning
management
development
Montpelier Biomass District Energy
CHP System and Transit Center
Project Location Map
DRAWN BY: HLV
DATE: 6/28/10
CHECKED BY:
PROJ. NO.
PROJ. ENG.
DRAW. NO.



DuBois & King inc.
engineering planning management development

Montpelier Biomass District Energy
CHP System and Transit Center

USGS Topographic Map

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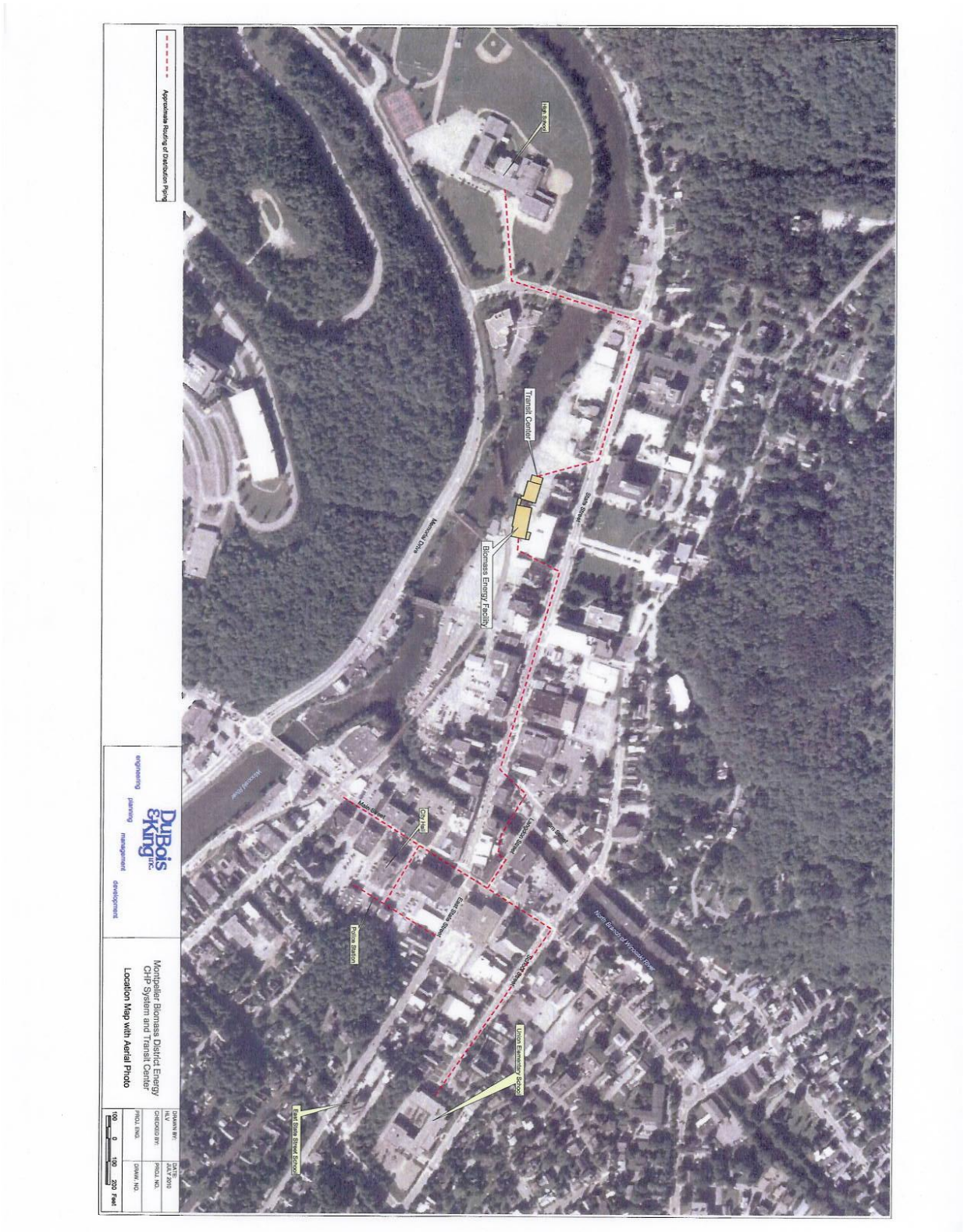
Approximate Routing of Distribution Piping
DuBois & King, Inc.
engineering
planning
management
development
Montpelier Biomass District Energy CHP System and Transit Center
Location Map with Aerial Photo
DRAWN BY: HLV
CHECKED BY:
PROJ. ENG.
PROJ. NO.
DRWG. NO.
DATE: JULY 2010
100 0 100 200 Feet
Transit Center
Biomass Energy Facility
Winooski River
Main Street
City Hall
Police Station
Union Elementary School
North Branch of Winooski River

SCOPING DISTRIBUTION LIST

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