

Sumas Energy 2, Inc.

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October 14, 2005

Ms. Irina Makarow
ENERGY FACILITY SITE EVALUATION COUNCIL
P.O. Box 43172
925 Plum Street, S.E., Building 4
Olympia, Washington 98504

RE: SUMAS ENERGY 2 REQUEST FOR PSD PERMIT EXTENSION

Dear Ms. Makarow,

We are writing to request that EFSEC grant an extension of the Prevention of Significant Deterioration/Notice of Construction (PSD/NOC) Permit issued for the Sumas 2 Generating Facility (S2GF), Permit No. 2001-02. EFSEC issued a PSD/NOC Permit for the S2GF that became effective on April 17, 2003. The Permit originally required construction to commence by October 17, 2004, but EFSEC subsequently extended this deadline until April 17, 2006. Sumas Energy 2, Inc. (SE2) now requests that the Permit be extended for 18 months until October 17, 2007.

Construction of the S2GF cannot proceed until SE2 obtains permits to construct a transmission line that will connect the generating facility to the regional electric grid. As you are aware, the Canadian National Energy Board (NEB) denied SE2's application for Permits to construct the proposed transmission line from the S2GF to a BC Hydro's Clayburn substation, and SE2 is in the process of appealing that decision. Due to delays in the appeal process, SE2 does not expect to be able to begin construction by next April when the PSD/NOC permit is scheduled to expire. However, SE2 is optimistic that it will ultimately obtain required transmission permits, and that it will be able to commence construction of the S2GF before mid-October 2007.

We are, therefore, enclosing a Permit Extension Request, which includes updated BACT information prepared by Eric Ottersburg and Eric Hansen of Geomatrix Consultants, Inc. The information demonstrates that 1) no significant state-of-the-art advancement in BACT has taken place since the PSD/NOC Permit for the S2GF was issued, and 2) the limits contained in the S2GF Permit, as revised in this document, remain among the strictest in the nation for this type of facility.

Please let us know if you need any further information. We would also be happy to meet with you and your Permit writers to discuss this request further.

Respectfully,



Bruce Thompson
Senior Vice President

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