

From: [Michael Munoz](#)
To: [Karin Manwaring](#)
Cc: [Albert Dietz](#); [Patrick Choi](#)
Subject: [EXTERNAL] RE: Attachment C and Hearing Board Case no. 6248-2
Date: Monday, October 21, 2024 7:50:43 AM

Dear Ms. Manwaring,

Thank you for your patience as I deliberated over your request that we withdraw our petition for Regular Variance. After reviewing the situation, I believe that your conclusion is not correct (that there is or will be a violation). We therefore decline to withdraw our petition.

Thank you for your diligence in reviewing 2000+ pages of rulemaking. That must have been arduous work. Unfortunately your review doesn't shed any light on why AQMD included an onerous condition that places it in conflict with other regulating authority ((B)(2)(c)(i)). We believe this is simply capricious and damages ENERGY ICEGEN.

Mike Munoz

Telephone: 406-544-3326

Conference Call: 701-779-9705

From: Karin Manwaring <kmanwaring@aqmd.gov>
Sent: Wednesday, October 16, 2024 3:22 PM
To: Michael Munoz <mmunoz@ches.biz>
Cc: Albert Dietz <adietz@ches.biz>; Patrick Choi <PChoi@aqmd.gov>
Subject: RE: Attachment C and Hearing Board Case no. 6248-2

Hello Mr. Munoz –

I would appreciate a response to my inquiry below about whether you are willing to withdraw the petition for a Regular Variance before October 24th in light of not being able to make the first variance finding (that there is or will be a violation). Perhaps our time would be better spent meeting with District staff who are knowledgeable about the rules impacting your business and we could do so on that date if convenient for you.

Responding further to your questions:

1. As to question #1 below, the rule does not define “facilities under contract with the California Independent System Operator (CalISO)” beyond the plain meaning of the language.
2. As to question #2 below, I shared pertinent background to illustrate that in 2015, staff heard and was responsive to concerns about disconnecting fuel lines expressed by the regulated

community during the rule development process.

I do not see in the rule or the staff report that this alternative is limited to diesel only but I am aware that the District has permitted turbines for dual-fuel operation (meaning natural gas and diesel). I do not personally know whether there are any liquid fueled turbines in operation in SCAQMD. If you believe this information is pertinent to a variance finding, please explain the relevance and I can request that someone from the District look into your question.

3. In preparing responses to your initial questions of October 4th, I reviewed a 2000+ page staff report and rulemaking package from 2015 and offered in my response below that the requirements listed in subparagraph (c)(i) and (ii) are intended to limit emissions during the period of non-operation and are the enforceable mechanisms used by the District to ensure compliance with the offramp. You again ask why compliance with both (i) and (ii) is required for the Rule 2012 Attachment C (B)(2)(c) offramp.

To attempt to further explain, Clause (B)(2)(c)(i) actually prevents operation. Clause (B)(2)(c)(ii) monitors and verifies continual non-operation.

Clause (B)(2)(c)(i) requires that the fuel lines are disconnected (or opened) to ensure that the unit is not operated. Clause (B)(2)(c)(ii) is a method of verification that the fuel lines remain disconnected (or open) to ensure that compliance with (B)(2)(c)(i) is continual. So the primary requirement is a physical modification to the fuel feed lines to ensure a unit non-operational. The secondary requirement is intended to verify the primary requirement over an extended period of time. Clause (B)(2)(c)(ii) on its own is not intended to be nor is it sufficient to be the primary fuel barrier ensuring non-operation.

4. You raise below a concern you touched upon during your testimony, a concern that disconnecting fuel lines potentially puts Enery in conflict its CAISO contract. Do you have any documentation to support this concern? It would be relevant to the second variance finding (that compliance being beyond your reasonable control).

If you have other questions or would like to discuss a meeting in lieu of a hearing, please let me know as soon as possible.

Thank you,
Karin

Karin Manwaring
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Email: kmanwaring@aqmd.gov

From: Michael Munoz <mmunoz@ches.biz>
Sent: Friday, October 11, 2024 3:55 PM
To: Karin Manwaring <kmanwaring@aqmd.gov>
Cc: Patrick Choi <PChoi@aqmd.gov>; Albert Dietz <adietz@ches.biz>
Subject: [EXTERNAL] RE: Attachment C and Hearing Board Case no. 6248-2

Dear Ms. Manwaring,

Thank you for the detailed explanation of the decision making process. I have some questions specific to your email:

1. “facilities under contract with the California Independent System Operator (CAISO)” - What is the definition of this group of facilities? There are generating facilities that have a contract for services with the CAISO like Black Start facilities. There are generating facilities that are permitted by CAISO according to the Tariff through a Generator Interconnection Agreement and a
2. “disconnecting the fuel feed lines was not feasible. Staff provided that alternatively, an operator can open the fuel strainers to accomplish the same goal”. This alternative is for liquid fueled systems, specifically diesel. I do not believe there are any liquid fueled turbines in operation in SCAQMD. Is this correct? In any event this “alternative” doesn’t address the issue gas plants face by depressurizing fuel lines.

I must also apologize for not being clear in my original email. My question was:

“What is the reason or purpose of Rule 2012 Attachment C(B)(2)(c)(i)?” I mean to ask why Attachment C(B)(2)(c)(ii) isn’t sufficient? Attachment C(B)(2)(c)(ii)” guarantees notice of firing of a generating source. So what is the purpose of disassembly of gas lines when it is simply redundant and potentially places AQMD in direct conflict with FERC/CAISO tariff?

Mike Munoz

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From: Karin Manwaring <kmanwaring@aqmd.gov>

Sent: Thursday, October 10, 2024 2:17 PM

To: Michael Munoz <mmunoz@ches.biz>

Cc: Patrick Choi <PChoi@aqmd.gov>

Subject: RE: Attachment C and Hearing Board Case no. 6248-2

Mr. Munoz, this email is in response to the questions raised in your October 4th email.

On December 4, 2015, the South Coast AQMD Governing Board adopted amendments to Regulation XX (RECLAIM), including amendments to Rules 2001, 2002, 2005, and the appendices of Rules 2012 and Rule 2011, including their respective Attachments "C" on *Quality Assurance and Quality Control Procedures*.

I am not clear on precisely what you mean by "stand alone" in your question, but the Appendices and Attachments are formally adopted and enforceable as part of Regulation XX. The District uses this structure to provide technical information in greater detail that can be accessed directly for efficiency and ease of reference. In this case, Appendix A, Attachment C for Rule 2012 was formally approved by the U.S. EPA to be federally enforceable as part of the State Implementation Plan. See 82 Fed. Reg. 43,176 (September 14, 2017).

The Rule 2012 Protocol, Attachment C, Section A provides the Quality Control Program and Section B provides the Frequency of Testing. Paragraph 2 of Subdivision B, Attachment C of Appendix A, to Rule 2012 establishes both the timeline and the frequency for Semi-Annual Assessments to be performed for equipment monitored by Continuous Emission Monitoring System (CEMS). The Relative Accuracy Testing Audit (RATA) helps ensure the accuracy of the CEMS in monitoring emissions and can only be conducted when the equipment that is the emission source is in operation.

As you are familiar, equipment monitored by CEMS at RECLAIM facilities may experience extenuating circumstances that prevent conducting RATA tests in a timely manner. The December 2015 amendments to Attachment C of Rule 2012 allow a facility to delay a RATA testing date under specific situations, including the situation presented by Enery's inoperable gas turbine, D19.

In the December 2015 Staff Report, the District described how most facilities typically require major sources to be continually operational or used on a regular basis and are thus able to conduct a timely RATA for their equipment but acknowledges that some major sources may experience unforeseen equipment failures that render it inoperable and prevent a timely RATA.

The Staff Report also recognized how facilities under contract with the California Independent

System Operator (CalISO), as well as electricity generating facilities owned and operated by municipalities, have experienced difficulties in meeting RATA deadlines because their equipment operates based on current energy demand and may not operate long enough (or at all) to conduct a RATA in the quarter in which the RATA is due.

Prior to the December 2015 amendments, a facility with an inoperable RECLAIM major source had only the option of seeking a variance for an undetermined amount of time (or filing an application for non-operational status to avoid violating the RATA requirement since sources permitted as non-operational are not required to conduct RATAs). However, as noted in the Staff Report, electricity generating facilities with equipment under contract with CalISO (or owned and operated by municipalities) often do not know when demand for electricity will result in generation equipment being required to operate until a day prior, creating scheduling difficulties in conducting RATAs and precluding the use of non-operational status. The inherent inconsistent operational nature of such equipment at electric generating facilities sometimes causes a need to postpone a RATA.

In order to accommodate these situations, the 2015 revisions to Appendix A, Attachment C for Rules 2011 and 2012 added subparagraphs (c) and (d), to provide offramps that allow RATA postponements. In the case of an unforeseen equipment failure like D19 experienced, subparagraph (c) allows Facility Permit Holders to postpone RATAs to up to 14-unit operating days after recommencing operation of the repaired equipment. The requirements listed in subparagraph (c)(i) and (ii) are intended to limit emissions during the period of non-operation and are the enforceable mechanisms used by the District to ensure compliance with the offramp.

In the case of electricity generating facilities under contractual obligation with CalISO to have equipment available that did not operate long enough to conduct a RATA during the quarter in which it is due, subparagraph (d) allows postponement to the next calendar quarter.

During the rule making process, concerns were expressed that 14 operating days may not be sufficient in cases of sequential failures of the same equipment. However, the Staff Report clarifies that the proposed 14 operating day RATA postponement for unforeseen equipment failure would apply separately for each unrelated, independent event. Concerns were also expressed from operators that for some units, disconnecting the fuel feed lines was not feasible. Staff provided that alternatively, an operator can open the fuel strainers to accomplish the same goal.

So, in summary, the December 2015 amendments adding subparagraphs (c) and (d) to Rule 2012 Attachment C, section B.2, were to provide offramps to facilities in your situation when major sources cannot be operated to perform timely RATAs. This rule-based relief to a common situation also served judicial economy by lessening the burden on the Hearing Board by reducing the number of petitions filed each year seeking to delay RATAs.

In the September 30, 2024, email you sent to me, you indicated you are in compliance with Attachment C, section B.2(c) and the fuel lines have been disconnected.

On the information available to the District, our position remains that so long as a RATA is performed on D19 consistent with the protocol in B.2(c) within the first 14-unit operating days, it does not

appear the facility is in violation or that it will be. This does not meet the criteria for a variance, so please let me know if you still intend to proceed with the hearing on a Regular Variance on October 24th or if you are willing to have the petition withdrawn from the Hearing Board's calendar.

Thank you,
Karin

The December 2015 Staff Report is available here: <https://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2015/2015-dec4-030.pdf?sfvrsn=9>



Karin Manwaring

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South Coast Air Quality Management District

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Email: kmanwaring@aqmd.gov

From: Michael Munoz <mmunoz@ches.biz>
Sent: Friday, October 4, 2024 12:35 PM
To: Karin Manwaring <kmanwaring@aqmd.gov>
Cc: Patrick Choi <PChoi@aqmd.gov>
Subject: [EXTERNAL] RE: Attachment C and Hearing Board Case no. 6248-2

Dear Ms. Manwaring,

Thank you for your email of 2 October 2024 offering to assist our understanding of Rule 2012. We have the following question:

Why doesn't Rule 2012 Attachment C(B)(2)(c)(ii) stand alone?
What is the reason or purpose of Rule 2012 Attachment C(B)(2)(c)(i)?

A natural gas generating source in the SCAQMD is required to monitor its gas usage on a SCAQMD approved CEMS/DAHS. This usage is required to be recorded on a SCAQMD approved database. This usage is required to be transmitted to SCAQMD database daily through the RTU. Further, SCAQMD enforcement reviews SoCal Gas bills annually and at any point an enforcement officer requests these third party record of gas usage at the facility.

Mike Munoz
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From: Karin Manwaring <kmanwaring@aqmd.gov>
Sent: Wednesday, October 2, 2024 8:57 AM
To: Michael Munoz <mmunoz@ches.biz>
Cc: Patrick Choi <PChoi@aqmd.gov>
Subject: RE: Attachment C and Hearing Board Case no. 6248-2

Mr. Munoz,

Thank you for your email of Monday September 30th confirming that the fuel lines are closed and for the email below.

The District designated Ryan Maxwell from the RECLAIM Admin team to be a witness during the hearing in Case no. 6248-2. If you think discussions with the District will be helpful to better understand the RECLAIM program in general or Rule 2012 Attachment C in particular, we can assist. Please provide in writing your questions or topics of interest in order to better facilitate that dialogue.

Thank you,
Karin



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From: Michael Munoz <mmunoz@ches.biz>
Sent: Tuesday, October 1, 2024 3:47 PM
To: Karin Manwaring <kmanwaring@aqmd.gov>
Subject: [EXTERNAL] Attachment C

Dear Ms. Manwaring,

I would like to speak to the expert witness you referred to at the hearing concerning attachment C.

Michael Munoz

Carson Hybrid Energy Storage

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