

Hearing Board Case No. 6230-6, SCAQMD v. Walnut Creek Energy, LLC, 10/23/2024

Exhibit A – Opening Remarks by Respondent, Walnut Creek

Thank you, Chair Ali and members of the Hearing Board. Let me start by stating that I have taken the oath, and I am requesting that my opening remarks be placed into the record as evidence for the matter of Case No. 6230-6. A copy of these remarks was provided to the clerk this morning to be placed into evidence for the Respondent as Exhibit A. We would also like to submit into evidence a graphic depicting the relationship between the supercore serial numbers that are the subject of this Stipulated Order for Abatement and the permitted operating units at Walnut Creek Energy. This graphic should be marked into evidence as Exhibit B.

My name is Don Barkley, and I am a licensed Professional Engineer in the state of California and a Senior Engineer with Yorke Engineering, LLC. I'm here before you to represent the Respondent, Walnut Creek Energy LLC.

Walnut Creek Energy is an electrical generating facility capable of generating up to 500.5-megawatts of electricity to serve the California electricity grid. Recent upgrades to all five electrical generating units in 2024 successfully reduced nitrogen oxide (NOx) emission permit standards by 8%, and these units are now among the lowest emitting simple cycle units in the country.

On June 26, 2024, Gas Turbine Unit 4 (Device D19 in the Facility Permit) tripped and was unforeseeably forced out of service and into an outage status. Unit 4 operation represents 20% of the electrical generating capacity of Walnut Creek, providing critical generating capacity at very low emission levels. Keeping it available and operating is important to Walnut Creek, and to California.

Permit condition E448.3 lists the six supercore serial numbers that are permitted for use as part of the Walnut Creek "Site Fleet," any of which can be used in any of the five generating units. This is reflected in Exhibit B. To install and operate any supercore with a serial number not listed in Condition E448.3 would be a violation of the facility's Title V permit.

To bring Unit 4 back online as soon as possible, Walnut Creek sought to identify an alternative supercore that could temporarily operate in Unit 4 during the peak summer season. When a functionally identical alternate was identified, Walnut Creek quickly filed a variance petition and was granted a Short Variance on August 1, 2024. Please refer to Case no. 6230-3. This case was heard on consent and provided temporary relief to operate Unit 4 (D19) using a borrowed supercore, S/N 878-187. Please refer to Exhibit B where the S/N 878-187 is shown under the Carlsbad Energy Center, or "CEC," a sister electrical generating facility under common parent company ownership located in Carlsbad, California.

The Walnut Creek representatives were later informed that supercore 878-187 would likely not be available after all, at which time Walnut Creek continued to search for another

supercore that could operate in Unit 4 while meeting all other permitting requirements and emission standards. Walnut Creek identified a possible supercore with S/N 878-119, which is part of the GE Lease Pool. Shortly thereafter, supercore 878-119 became a more promising option in terms of availability. Please refer to Exhibit B where the S/N 878-119 is shown under the GE Lease Pool.

Separate from the request to install and use an alternative supercore, because Unit 4 could not and cannot be operated without a permitted or approved supercore and compliance testing cannot be conducted without a permitted supercore, scheduled source testing could not be performed. This source testing is required to demonstrate compliance with the ammonia slip limits, per permit condition D29.2, and compliance with initial source testing for nitrogen oxides (NO_x), carbon monoxide (CO), volatile organic compounds (VOC), and ammonia (NH₃) following the replacement of the catalyst used for selective catalytic reduction, per conditions D29.2 and D29.4. An emergency variance was granted on September 20, 2024, in Case no. 6230-5, for relief of ammonia slip testing requirements starting on October 1, 2024, for up to 30 days, or until October 30, 2024.

The matter before you today will bring these two variances under one Stipulated Order for Abatement (SOA). The Order will allow installation of the GE Lease Pool supercore S/N 878-119, if it becomes available in a timely manner, and allow for the delay in ammonia slip, and compliance source testing, using a permitted supercore, required by the Title V permit.

Therefore, if this Order were granted, Walnut Creek would terminate the short variance granted under Case No. 6230-3 to install supercore S/N 878-187, as well as the emergency variance granted under 6230-5 to delay quarterly ammonia slip testing using a permitted supercore to the agreed upon schedule in the SOA. The Order also will add a provision to allow the delay of initial compliance testing, pursuant to condition D29.4, using a permitted supercore to the agreed upon schedule in the SOA.

We have worked collaboratively with district counsel on the Order, and we stipulate to its findings.

This concludes my opening remarks.

Thank you.