

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

RULE 2009. **COMPLIANCE PLAN FOR POWER PRODUCING FACILITIES**

(Adopted May 11, 2001)(Amended January 7, 2005)

- (a) Purpose
The purpose of this rule is to specify the compliance plan requirements for Power Producing facilities, as defined in Rule 2000 (b)(56), and to ensure timely installation of BARCT at all electric generation units.

- (b) Compliance Plan for Power Producing Facilities
 - (1) No later than September 1, 2001, the Facility Permit holder of a Power Producing Facility shall submit to the Executive Officer a compliance plan meeting all the requirements specified in this rule.
 - (2) The compliance plan shall demonstrate that all RECLAIM NO_x emitting equipment, except equipment subject to Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II, at the Power Producing Facility shall achieve, at a minimum, BARCT emission levels for NO_x at the earliest feasible date but no later than January 1, 2004 for turbines used as peaking units, and January 1, 2003 for all other units.
 - (3) The compliance plan shall include the following information:
 - (A) A list and description of all RECLAIM NO_x emitting equipment pursuant to paragraph (b)(2), existing control equipment, and the associated emission rates expressed in parts per million (ppm) and pounds per net megawatt hour of electric generation. For existing equipment and NO_x control technologies that have already achieved BARCT where the facility permit does not specify BARCT limit(s) for NO_x, the compliance plan shall include a schedule to modify the permit to include the BARCT limit(s) to ensure compliance with paragraph (b)(2) of this rule.

- (B) Description of additional NO_x control technology to be installed at each RECLAIM NO_x emitting equipment, except equipment subject to Rule 219, to satisfy the requirements in paragraph (b)(2) of this rule and the associated NO_x emission rate expressed in parts per million (ppm) and pounds per net megawatt hour of electric generation.
- (C) Source test data or continuous emission monitoring data supporting the emission rate specified for equipment described in subparagraph (b)(3)(A), except for NO_x process unit(s) that have not opted for a concentration limit pursuant to Rule 2012 - Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO_x) Emissions, subparagraph (e)(2)(C). Source test data or continuous monitoring data shall be obtained using the applicable protocols specified in Rule 2012.
- (D) Manufacturing guarantee or other documents provided by the equipment manufacturer to support the emission rate for equipment described in subparagraph (b)(3)(B).
- (E) Schedule showing dates of submittal of permit applications, installation of NO_x control equipment, operation of NO_x control equipment, and any necessary outages to install and operate air pollution control equipment for NO_x control technologies specified in subparagraph (b)(3)(B). The Facility Permit holder shall consult with California Independent Operator (Cal-ISO) or its successor and the California Energy Commission (CEC) prior to submitting the proposed schedule for outages.

- (F) A method of operating NO_x emitting electric generating equipment at all power producing facilities under common ownership, in aggregate exceeding 250 megawatt generating capacity and located within the South Coast Air Basin. The method of operation shall meet the criteria for operating the lowest NO_x-emitting units to the maximum extent feasible taking into account spinning and non-spinning reserve, any regulation for the purpose of maintaining voltage support and frequency control, minimum equipment operation levels, scheduled outages, forced outages, any “required must run” requirements, any operation ordered by the California Independent System Operator or the California Department of Water Resources; and any specific unit generation contracts executed prior to May 11, 2001, in accordance with the following priority:

Priority I: Operate units with less than 0.11 pound of NO_x per net megawatt hour of electric generation.

Priority II: Operate units with less than or equal to 0.50 pound of NO_x per net megawatt hour of electric generation.

Priority III: Operate units with greater than 0.50 pound of NO_x per net megawatt hour of electric generation.

Priority IV: Operate units not equipped with any NO_x control equipment.

The Facility Permit holder shall specify in the compliance plan how units will be selected for operation and how records will be kept and made available to the Executive Officer upon request to verify daily compliance with this subparagraph. The requirements of this subparagraph shall no longer apply after January 7, 2005.

- (G) Information necessary to demonstrate that NO_x RTCs acquired meet the requirements specified in Rule 2007 – Trading Requirements, paragraphs (c)(4), (c)(5), and (c)(6). The information submitted shall, at the minimum, include:

- (i) NO_x RTCs held by the Facility Permit holder at the time of compliance plan submittal;

- (ii) NOx RTCs acquired by the Facility Permit holder prior to January 12, 2001; and
 - (iii) An itemized list of NOx RTCs acquired or sold on and after January 12, 2001, including the date of acquisition or sales and the seller(s) or buyer(s) of RTCs.
 - (H) Applicable orders for abatement or settlement agreements may demonstrate partial or full compliance with the requirements of paragraphs (b)(2), (b)(3), and (b)(4) of this rule.
 - (4) The Facility Permit holder shall submit information specified below with the compliance plan for informational purposes to demonstrate compliance with the methods of deploying electric generating units and the Facility Permit holder's plan for complying with NOx allocations on a quarterly basis, pursuant to Rule 2004 – Requirements, for compliance years beginning 2001 through 2005. Information provided shall be based on the Facility Permit holder's best available information at the time of compliance plan submittal and shall be updated annually, beginning May 31, 2002 and November 30, 2002 for Cycle 2 and 1 facilities, respectively, and every year thereafter through 2004 to reflect the Facility Permit holder's best available information at that time.
 - (A) Projected annual NOx emissions from each electric generation unit for compliance year 2001 through 2005. The projection shall be based on emission rate for each piece of equipment and shall be consistent with information provided in subparagraph (b)(3)(A) and (B).
 - (B) Anticipated NOx emission reductions to be obtained under the Mitigation Fee Program or approved Mobile Source Emission Reduction Credits (MSERCs) or Area Source Credits (ASCs) for each compliance year.
 - (5) Compliance plans approved by the Executive Officer shall be enforceable and shall contain terms and conditions specifying NOx BARCT levels, implementation schedule, including permit application, equipment installation and operation dates for achieving enforceable NOx BARCT emission levels, and methods for deploying electric generation units.
- (c) Denial of Compliance Plan

The Executive Officer shall not approve the compliance plan unless it can demonstrate compliance with this rule. If the Executive Officer denies a compliance plan, the Facility Permit holder shall, within 30 days, submit to the Executive Officer a revised compliance plan addressing all deficiencies identified by the Executive Officer. Failure to submit an approvable plan by the date specified shall be a violation of this rule.

(d) **Modification of Compliance Plan**

A Facility Permit holder may submit an application at least 60 days prior to scheduled permit application submittal date to modify the terms and conditions in an approved compliance plan to replace the control technologies listed in the plan at the same or earlier implementation schedule with one or more alternative equipment, process, or NO_x control technology capable of achieving, at a minimum, an equivalent BARCT level. A modified compliance plan must meet all applicable requirements of this rule. The Facility Permit holder shall be subject to the terms and conditions of the existing compliance plan until the modified plan is approved by the Executive Officer.

(e) **Mitigation Fee Program**

In addition to the requirements specified in Rule 2004 (o)(1), the mitigation fee program may be used through the 2004 compliance year only by Power Producing Facilities that exceed their annual allocations provided the facility also has complied with the schedule and actions specified under an approved compliance plan pursuant to this rule.

(f) **Violations**

(1) Failure to submit the compliance plan on or before September 1, 2001, to submit a revised compliance plan within 30 days of receiving a denial, or to submit an annual update of information specified in paragraph (b)(4) of this rule at least 30 days prior to the beginning of each compliance year will be a violation of this rule and shall constitute a single, separate violation of this rule for each day until such time as an approvable plan is submitted.

- (2) Failure to comply with the dates set forth in the compliance plan for submission of permit applications, installation of control equipment, operation of control equipment or the purchase of credits will be a violation of this rule, commencing when the stated date is missed and shall constitute a single separate violation of this rule for each day until such time as compliance is achieved.
 - (3) Failure to comply with emission limits specified in the approved compliance plan shall constitute a single separate violation of this rule for each day until such time as compliance is achieved.

- (g) Fees
The compliance plan shall be assessed a fee in accordance with Rule 306 – Plan Fees. For the purposes of this rule, the annual updates to compliance plans submitted pursuant to paragraph (b)(4) of this rule will be assessed a fee in accordance with Rule 306.

- (h) Rule 221 – Plans
Compliance plan required under this rule will not be considered a plan pursuant to Rule 221 – Plans.

- (i) Appeals
A Facility Permit holder has the right to appeal the denial of the compliance plan to the Hearing Board in the same manner as a permit denial as specified in Health and Safety Code Section 42302.