

1 **BEFORE THE HEARING BOARD OF THE**
2 **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**
3

4 In the Matter of
5
6 CANYON POWER PLANT (CITY OF
7 ANAHEIM)
8 [Facility ID No. 153992],
9 Section 42350 of the California Health
10 and Safety Code
11

Case No.: 6264-2

[PROPOSED] FINDINGS AND
DECISION AND ORDER GRANTING A
REGULAR VARIANCE

Hearing Date: September 4, 2025

12 **FINDINGS AND DECISION OF THE HEARING BOARD**

13 The Petition for a Regular Variance filed on August 1, 2025, and amended on
14 August 28, 2025, by Canyon Power Plant (City of Anaheim) was heard on the
15 Consent Calendar on September 4, 2025, pursuant to notice in accordance with the
16 provisions of California Health and Safety Code Section 40826. The following
17 members of the Hearing Board were present: Micah Ali, Chair; Robert Pearman, Vice
18 Chair; Jerry Abraham, MD, MPH, CMQ; Mohan Balagopalan; and Cynthia Verdugo-
19 Peralta.

20 Petitioner, Canyon Power Plant (City of Anaheim), did not appear. Respondent,
21 Executive Officer of the South Coast Air Quality Management (South Coast AQMD),
22 did not appear. The public was given the opportunity to testify. The joint Stipulation
23 to Place Matter on Consent Calendar, the Declaration of Ron Hoffard, the Declaration
24 of Elden Krause, and the [Proposed] Findings and Decision and Order of the Hearing
25 Board were received as evidence, and the case was submitted.

26 The Hearing Board finds and decides as follows:
27

1 **NATURE OF BUSINESS AND LOCATION OF FACILITY**

2 Canyon Power Plant (“Facility”) is an operational 200-megawatt, natural-gas-
3 fired, simple-cycle power plant. Canyon Power Plant supplies electric power to the
4 City of Anaheim’s Public Utilities Department, which serves electric utilities
5 customers in the City of Anaheim. The Facility has four (4) LM6000 gas turbines that
6 drive four (4) 50-megawatt generators. The Facility is located at 3071 E. Mira Loma
7 Avenue, Anaheim, California.

8
9 **EQUIPMENT THAT IS THE SUBJECT OF THE**
10 **REGULAR VARIANCE PETITION**

11 The equipment that is the subject of the Petition is Gas Turbine No. 1, which is
12 one of the four LM6000 gas turbines at the Facility. Gas Turbine No. 1 includes the
13 turbine (D1) and CO oxidation catalyst (C3).

14
15 **SUMMARY**

16 Pursuant to Permit Condition D29.3, Gas Turbine No. 1 was scheduled for
17 Triennial Testing in August 2024. Testing could not be performed because, on
18 June 21, 2024, one of the blades from Gas Turbine No. 1 broke off from the rotor
19 shaft, causing internal damage to the components in the turbine. As a result, the
20 turbine ceased operations on June 21, 2024, and has not been in operation since.

21 In July 2024, in response to the damage caused by the liberated blade, Petitioner
22 began the procurement and contracting process for the repair of Gas Turbine No. 1.
23 The contracting process was prolonged due to the intervening holidays, unpredictable
24 tariffs, import/export regulations and costs applicable to a Canadian repair contractor,
25 and supply chain disruptions impacting the initial repair scope. The contract was
26 executed with a contractor for repair at the contractor’s repair depot in Alberta,
27 Canada.

1 Because Petitioner could not complete the Triennial Testing in August 2024 as
2 planned while the turbine was inoperable and would be offsite for repair, Petitioner
3 filed a Petition for Regular Variance in August 2024 to avoid a violation of Permit
4 Condition D29.3. On October 3, 2024, the Hearing Board voted unanimously to grant
5 Petitioner's request for a Regular Variance. ("2024 Variance") The Hearing Board
6 granted the 2024 Variance a final compliance date of August 31, 2025.

7 The Hearing Board's Minute Order required Petitioner to file, by July 15, 2025,
8 a modification and extension of the 2024 Variance if Petitioner will be unable to
9 comply with the final compliance date. On or around July 11, 2025, and
10 July 14, 2025, Petitioner learned it would not be able to comply with the 2024
11 Variance's final compliance date because Petitioner was informed by the repair
12 contractor that the repair would take several more months. Petitioner did not have
13 sufficient time to file a modification and extension of the 2024 Variance by July 15,
14 2025, as directed by the Minute Order.

15 On or around July 29, 2025, Petitioner confirmed with the Hearing Board Clerk
16 that the soonest hearing date would be September 4, 2025. On August 1, 2025,
17 Petitioner filed a new Petition for Regular Variance because Petitioner needed a
18 compliance date extension and modification to remain in compliance with Facility
19 Permit Condition D29.3, but the request would not be heard until September 4, 2025,
20 after the 2024 Variance's compliance date of August 31, 2025. The new Petition for
21 Regular Variance requests an extension of the compliance period starting
22 September 4, 2025, up to and including March 31, 2026, to allow time for the repair to
23 be completed, the turbine to be returned, testing to be scheduled and completed, and
24 required reporting to be submitted by Petitioner to Respondent.

1 **FINDINGS OF FACT AND CONCLUSIONS**

2 The following facts and conclusions support the Hearing Board making the
3 findings in Health and Safety Code Section 42352 in support of a Regular Variance.
4 The South Coast AQMD Executive Officer does not oppose the granting of the
5 Regular Variance.

6 **A. The Petitioner for a variance is, or will be, in violation of Section 41701**
7 **or of any rule regulation or order of the District.**

8 Petitioner is in violation of District Rules 203(b), 2004(f)(1), and 3002(c)(1),
9 which require compliance with permit conditions because, in the absence of a present
10 and operating turbine, Petitioner is unable to meet Triennial Testing requirements of
11 Facility Permit Condition D29.3. In addition, in the absence of the turbine, petitioner
12 is in violation of Rule 218(b)(4)(C), which requires annual Relative Accuracy Test
13 Audits (RATA).

14 **B. Non-compliance with District Rules is due to conditions beyond the**
15 **Petitioner's reasonable control.**

16 Although Triennial Testing as required by Permit Condition D29.3 was
17 scheduled for August 2024, Petitioner was, for reasons beyond Petitioner's reasonable
18 control, unable to conduct the testing as scheduled. Petitioner could not have
19 reasonably anticipated and prevented the violation resulting from the blade that was
20 defective and required replacement sooner than the manufacturer's service bulletin
21 indicated. In addition, Petitioner had no control over unpredictable tariffs and
22 import/export regulatory challenges or concerns, or control over supply chain issues
23 for materials that impacted the anticipated scope of repairs.

1 **C. Requiring compliance would result in either (1) an arbitrary or**
2 **unreasonable taking of property, or (2) the practical closing and**
3 **elimination of a lawful business.**

4 Because compliance with testing requirements cannot be accomplished without
5 the physical and functional presence of Gas Turbine No. 1, denial of the Regular
6 Variance would cause an unreasonable burden on Petitioner's provision of critical
7 electric utility service to the community in the City of Anaheim. It would cause
8 significant, unreasonable, and unavoidable harm to Petitioner in that Petitioner will be
9 subject to fines and penalties for violations of its Permit and the above-referenced
10 Rules, despite having no excess emissions in the absence of Gas Turbine No. 1.

11 **D. The closing or taking would be without a corresponding benefit in**
12 **reducing air contaminants.**

13 Gas Turbine No. 1 will not be operational until the turbine is returned, tested,
14 and has a successful start after the turbine's inspection and repair is completed at the
15 Petitioner's repair contractor's depot facility in Canada. In the absence of Gas Turbine
16 No. 1, Petitioner will not be using any substitute turbine. Denying a Regular Variance
17 would result in significant harm to Petitioner without a corresponding benefit in air
18 contaminant reduction because the air contaminant reduction is already resulting from
19 the non-operative status of Gas Turbine No. 1.

20 **E. The applicant for the variance has given consideration to curtailing**
21 **operations of the source in lieu of obtaining a variance.**

22 Because the requested variance is for an administrative exception to Triennial
23 Testing requirements mandated by Permit Condition D29.3 and annual RATA
24 requirements in Rule 218(b)(4)(C), curtailment of operations at the Facility or of Gas
25 Turbine No. 1 does not address compliance with testing requirements. In addition,
26 operations for Gas Turbine No. 1 will be suspended during the variance period
27

1 because the turbine will be transported, inspected, and repaired offsite at the repair
2 contractor's depot facility in Canada.

3 **F. During the period the variance is in effect, the applicant will reduce**
4 **excess emissions to the maximum extent feasible.**

5 Because Petitioner is not substituting Gas Turbine No. 1 while Gas Turbine No.
6 1 is non-operative during inspection and repair, emissions from Gas Turbine No. 1 are
7 already reduced to the maximum extent feasible. Petitioner's operation of the
8 remaining turbines at the Facility will be in compliance with the Facility Permit.

9 **G. During the period the variance is in effect, the applicant will monitor**
10 **or otherwise quantify emission levels from the source, if requested to**
11 **do so by the District, and report these emission levels to the District**
12 **pursuant to a schedule established by the District.**

13 Petitioner will monitor and report compliance pursuant to the Hearing Board's
14 Order and the Facility Permit.

15
16 **CONCLUSION AND ORDER**

17 THEREFORE, the Hearing Board orders as follows:

- 18 1. Petitioner is hereby granted a Regular Variance for Devices D1 (gas turbine)
19 and C3 (CO oxidation catalyst), commencing September 4, 2025, and
20 continuing through xx/xx, 2026. The variance applies only to the portion of
21 permit condition D29.3 stating the "test shall be conducted at least one every
22 three years," for the period commencing September 4, 2025, up to and
23 including March 31, 2026. All other requirements in this condition shall remain
24 in effect.

- 1 2. Petitioner shall notify the South Coast AQMD via email to AQ Engineer Chris
2 Perri (cperri@aqmd.gov), AQ Inspector II Evan Landi (elandi@aqmd.gov), and
3 Supervising AQ Inspector Joseph Liaw (jliaw1@aqmd.gov) of the following:
- 4 a. Completion of repairs to Turbine No. 1, within seven (7) calendar days of
5 completion;
 - 6 b. The return of repaired Turbine No. 1 to Canyon Power, within (7) seven
7 calendar days
 - 8 c. Date and time of initial start-up of the repaired Turbine No. 1, within
9 seventy-two (72) hours of start-up;
 - 10 d. At least ten (10) calendar days prior to the source test, provide
11 notification of the date and time of the source test.
- 12 3. Petitioner shall conduct the Triennial Testing in accordance with permit
13 condition D29.3 within 90 days after first successful fire. Successful fire shall
14 mean operation that demonstrates compliance with all permit conditions,
15 including the NOx emission limit.
- 16 4. Petitioner shall notify South Coast AQMD by calling 1-800-CUT-SMOG and
17 by sending an email to AQ Inspector II Evan Landi (elandi@aqmd.gov),
18 Supervising AQ Inspector Joseph Liaw (jliaw1@aqmd.gov), and AQ Engineer
19 Chris Perri (cperri@aqmd.gov) at least twenty-four (24) hours prior to starting
20 the Triennial Source Test.
- 21 5. Petitioner shall submit a complete source test report showing preliminary
22 compliance with the Triennial Source Test to South Coast AQMD Source
23 Testing (sourcetesting@aqmd.gov) and to AQ Inspector II Evan Landi
24 (elandi@aqmd.gov), Supervising AQ Inspector Joseph Liaw
25 (jliaw1@aqmd.gov), and AQ Engineer Chris Perri (cperri@aqmd.gov) within
26 forty-five (45) calendar days after the test date.
27

6. Petitioner shall ensure that the NOx and CO CEMS serving Turbine No.1 is operational at least twenty-four (24) hours prior to restart of equipment of repaired Turbine No.1.
7. Petitioner shall perform a cylinder gas analysis on the NOx and CO monitor offline prior to restarting the repaired Turbine No.1.
8. Petitioner shall conduct a RATA and bias test for the NOx concentration monitor, stack gas flow rate system, and NOx mass emission rate measurement system within fourteen (14) operating days after initial startup of repaired Turbine No. 1.
9. Petitioner shall submit a complete permit application to reflect modifications to Turbine No. 1 within thirty (30) days of issuance of this variance.
10. Petitioner shall pay all applicable fees to the Clerk of the Hearing Board, or the variance shall be invalidated pursuant to Rule 303(k), except for excess emissions fees, which shall be paid within fifteen (15) days of notification in writing that the fees are due, unless otherwise ordered by the Hearing Board.
11. Petitioner shall notify the Clerk of the Hearing Board at clerkofboard@aqmd.gov in writing when final compliance has been achieved.

FOR THE BOARD: _____

DATED: _____