

1 by John Jones, Senior Deputy District Counsel. Counsel for Petitioner and respondent did not
2 appear during the Consent Calendar hearing. The public was given the opportunity to testify. The
3 Declaration of Lisa Umeda was received as evidence, the (Proposed) Findings and Decision and
4 Order of the Hearing Board was received as an exhibit, and the matter was submitted on consent.

5 The Hearing Board finds and decides as follows:

6 Nature of Business and Location of Facility

7 VPU operates an electric power generating facility (hereinafter “Station A”) located at
8 4990 Seville Avenue in Vernon, California, 90058. Station A consists of two Allison Model 571-
9 KA natural gas-fired peaking units with water injection systems, a diesel-fired emergency
10 generator, and associated equipment. Station A has a total power output of 10 megawatts.

11 Equipment and Permit to Construct/Operate

12 The equipment that is the subject of this petition are the Allison Model 571-KA natural
13 gas-fired peaking units (Devices D1 and D2), commonly referred to as the H. Gonzales Units
14 (hereinafter “HG Units”). The equipment is operated pursuant to the Title V Permit issued to
15 Facility I.D. No. 014502.

16 **SUMMARY**

17 Petitioner will be in violation of District Rules 203(b), 2004(f)(1), and 3002(c)(1) and
18 intends to achieve compliance by securing District approval of a Title V Permit Modification
19 Application which formally adjusts the water-to-fuel ratio range of Permit Condition No. C10.1 to
20 between 0.61 and 0.67 when the peaking units are operating on natural gas, except during periods
21 of startup and shutdown. District approval is expected no later than July 1, 2027.

22 **FINDINGS OF FACT**

23 Following are the facts and conclusions supporting the findings set forth in Health and
24 Safety Code Section 42352 necessary to grant the variance. The Executive Officer did not oppose
25 the granting of the variance.

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

1 1. Petitioner will be in violation of District Rules 203, 2004(f)(1), and 3002(c), which
2 require compliance with permit conditions, as petitioner will be out of compliance with Permit
3 Condition No. C10.1 until the District approves the Title V Permit Modification Application which
4 formally adjusts the water-to-fuel ratio range of Permit Condition No. C10.1 to between 0.61 and
5 0.67 when the HG Units (Devices D1 and D2) are operating on natural gas, except during periods
6 of startup and shutdown.

7 **b(1). Non-compliance with District Rule(s) is due to conditions beyond the**
8 **reasonable control of the Petitioner.**

9 1. Petitioner cannot operate the HG Units (Devices D1 and D2) at the water-to-fuel
10 ratio required by Permit Condition No. C10.1 without exceeding the NOx and CO concentration
11 limits specified in Section D of the facility's Title V Permit. Historically, maintaining the water-
12 to-fuel ratio within the permitted range has aligned with the permitted NOx and CO concentration
13 limits. However, recent equipment tuning following improvements to the HG Units' non-permitted
14 water injection components has demonstrated that the HG Units (Devices D1 and D2) comply with
15 the NOx and CO concentration limits at notably lower water-to-fuel ratios than currently
16 permitted. As a result, operation of the HG Units within the permitted water-to-fuel ratio range
17 would likely result in emissions exceeding the permitted NOx and CO concentration limits. Given
18 the current equipment configuration and performance characteristics and to maintain compliance
19 with the permitted NOx and CO concentration limits, the Petitioner must operate outside of the
20 permitted water-to-fuel ratio range. Therefore, it is beyond the Petitioner's reasonable control to
21 comply with District rules and permit conditions.

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

24 1. Denial of the variance would cause significant harm to Petitioner in that Petitioner
25 may be unable to operate the HG Units (Devices D1 and D2), which could result in significant lost
26 revenues to Petitioner. The HG Units provide critical local resource adequacy (RA) within the
27 California Independent System Operator (CAISO) balancing area, and their unavailability would
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1 require the Petitioner to purchase replacement RA on the CAISO market. Due to high grid demand
2 during the hot summer months, market prices for RA are significantly higher than during off-peak
3 periods, compounding the financial impact.

4 **c. The closing or taking would be without a corresponding benefit in reducing**
5 **air contaminants.**

6 1. There will be no excess emissions during the variance period since the HG Units
7 (Devices D1 and D2) will be intermittently operated at a water-to-fuel ratio that ensures
8 compliance with the applicable NOx and CO concentration limits.

9 **d. The applicant for the variance has given consideration to curtailing operations**
10 **of the source in lieu of obtaining a variance.**

11 1. Petitioner considered curtailment. However, keeping the HG Units (Devices D1
12 and D2) offline until the facility's Title V Permit is modified would result in financial harm to the
13 Petitioner and compromise the stability of the electric grid during periods of high demand,
14 particularly during hot summer months when high loads and wildfire risks threaten infrastructure,
15 causing unscheduled outages of generation and transmission.

16 **e. During the period the variance is in effect, the applicant will reduce excess**
17 **emissions to the maximum extent feasible.**

18 1. There are no excess emissions associated with this variance.

19 **f. During the period the variance is in effect, the applicant will monitor or**
20 **otherwise quantify emission levels from the source, if requested to do so by the District, and**
21 **report these emission levels to the District pursuant to a schedule established by the District.**

22 1. Petitioner will monitor the gas fuel flow, water injection flow, and water-to-fuel
23 ratio setpoint during the variance period, consistent with existing monitoring requirements.
24 Together, these data will be used to demonstrate compliance with the water-to-fuel ratio during
25 operation of the HG Units (Devices D1 and D2). A log with these monitored and calculated data
26 points shall be provided at the request of the District for any runs enacted during the variance
27 period.

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1 **CONCLUSION AND ORDER**

2 THEREFORE, good cause appearing, the Hearing Board orders as follows:

3 A. Petitioner is granted a regular variance from South Coast AQMD Rules 203,
4 2004(f)(1), and 3002(c) {Permit Condition No. C10.1 of Title V Facility Permit No. 014502} for
5 the HG Units (Devices D1 and D2) for the period commencing July 1, 2026 and continuing through
6 July 1, 2027.

7 B. The variance granted herein is subject to the following conditions:

- 8 1. Petitioner shall submit the Title V Permit Modification Application to change the
9 +20.water-to-fuel ratio in Permit Condition No. C10.1 for Gas Turbines Nos. 6 and 7
10 (Device ID Nos. D1 and D2) no later than June 30, 2026.
- 11 2. Petitioner shall notify the South Coast AQMD by calling 1-800-CUT-SMOG and by
12 sending an email to Air Quality Inspector Martin Plascencia
13 (MPlascencia@aqmd.gov) and AQ Engineer Philip Nguyen (PNguyen2@aqmd.gov)
14 at least ten (10) days before conducting the source test and shall include the date and
15 time of the test.
- 16 3. Petitioner shall conduct source tests on Gas Turbines Nos. 6 and 7 (Device ID Nos.
17 D1 and D2) using the proposed water-to-fuel ratio range of 0.61–0.67 to demonstrate
18 compliance with the applicable NOx and CO emission limits under Permit Condition
19 D29.4. The source tests shall be conducted within sixty (60) calendar days after
20 approval of the Title V Permit Modification Application.
- 21 4. Petitioner shall notify the South Coast AQMD by calling 1-800-CUT-SMOG and by
22 sending an email to Air Quality Inspector Martin Plascencia
23 (MPlascencia@aqmd.gov) and AQ Engineer Philip Nguyen (PNguyen2@aqmd.gov)
24 within twenty-four (24) hours of completing the source test.
- 25 5. Petitioner shall submit the complete source test report to South Coast AQMD by
26 sending an email to South Coast AQMD Source Testing (SourceTesting@aqmd.gov),
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1 Air Quality Inspector Martin Plascencia (MPlascencia@aqmd.gov) and AQ Engineer
2 Philip Nguyen (PNguyen2@aqmd.gov) within forty-five (45) days after the test date.

- 3 6. The Petitioner shall comply with Rule 2012(e)(2), as amended on November 3, 2023,
4 during the Variance Period.
- 5 7. The Petitioner shall submit all monitoring records generated during the Variance
6 Period, including gas fuel flow, water injection flow, and water-to-fuel ratio setpoint
7 data, by sending an email to Air Quality Inspector Martin Plascencia
8 (MPlascencia@aqmd.gov) and AQ Engineer Philip Nguyen (PNguyen2@aqmd.gov)
9 within ten (10) calendar days after the end of each calendar month. If Gas Turbines
10 Nos. 6 and 7 (Device ID Nos. D1 and D2) did not operate in a given month, an email
11 stating as such can be submitted in lieu of monitoring records. The final submission
12 shall be due within ten (10) calendar days after the end of the Variance Period and
13 shall include only monitoring records not previously submitted.
- 14 8. Petitioner shall pay all applicable fees to the Clerk of the Hearing Board, or the
15 variance shall be invalidated under Rule 303(k). Unless otherwise ordered by the
16 Hearing Board, excess emission fees shall be paid within fifteen (15) days of written
17 notification that such fees are due.
- 18 9. Petitioner shall notify the Clerk of the Hearing Board via email
19 (ClerkofBoard@aqmd.gov) and the District by calling 1-800-CUT-SMOG of final
20 compliance within twenty-four (24) hours after achieving final compliance.
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23 FOR THE BOARD: _____

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25 DATED: _____