

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

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| In the Matter of |) | Case No. 1263-82 |
| LOS ANGELES DEPARTMENT OF WATER AND POWER |) | |
| [Proposed] Order Granting a Short Variance |) | |
| Section 42350 and 40826 of the California Health and Safety Code |) | |
| Rules 203, 218, 218.1, 2004, 3002 |) | |
| Facility ID 800193 |) | |

**FINDINGS AND DECISION OF THE HEARING
BOARD [PROPOSED]**

The petition for a short variance was heard on the Hearing Board’s Consent Calendar on September 18, 2025, pursuant to notice and in accordance with the provisions of California Health and Safety Code 40825. The following members of the Hearing Board were present: Micah Ali, Chair; Robert Pearman, Esq., Vice Chair; Jerry P. Abraham, MD MPH CMQ; Mohan Balagopalan; and Cynthia Verdugo-Peralta. Petitioner, the City of Los Angeles by and through the Los Angeles Department of Water and Power ("Petitioner"), represented by Nicholas Karno, Deputy City Attorney, was not present. Respondent, Executive Officer (“Respondent”), represented by Erika Chavez, Principal Deputy District Counsel, was not present. The joint Stipulation to Place Matter on Consent Calendar, the Declaration of Shawn Kaul, and the Proposed Findings and Decision were received as evidence, and the case submitted. The public was given an opportunity to testify. The Hearing Board finds and decides as follows:

Nature of Business and Location of Facilities

Petitioner, LADWP is the largest municipal utility in the nation and supplies water and

electric services to 3.8 million residents and businesses in the City of Los Angeles. As a vertically integrated power system, LADWP both owns and operates the majority of its generation, transmission, and distribution systems. A five-member Board of Water & Power Commissioners is appointed by the Mayor and establishes policy.

As part of its operations, LADWP owns and operates Valley Generating Station (VGS), a natural gas-fired steam electric generating facility located in Sun Valley. VGS has a generating capacity of 596 megawatts (MW), enough to power approximately 464,000 homes.

Equipment and Permit to Operate

VGS consists of one simple cycle combustion turbine (Unit 5) and two combined cycle combustion turbines (Units 6 and 7) in combination with one steam turbine generator (Unit 8). VGS, including all of the above-described units, is subject to a RECLAIM and Title V permit.

SUMMARY

Units 6 and 7, the subjects of this petition, are 164.2 MW (gross) GE Model 7241FA natural gas-fired combined cycle combustion turbines, which are equipped with a Selective Catalytic Reduction (SCR) system for control of NOx emissions, an oxidation catalyst for control of carbon monoxide (CO) and volatile organic compound (VOC) emissions, and Continuous Emission Monitoring Systems (CEMS) to measure NOx and CO exhaust emissions. Units 6 and 7 work in tandem in combined cycle mode with Unit 8, which is a 220.5 MW (gross) GE-D11 steam turbine generator. All three units were commissioned in 2003.

Petitioner's permit to operate and South Coast Air Quality Management District (South Coast AQMD) rules require Petitioner to conduct the CO Relative Accuracy Test Audit (RATA) CEMS on an annual basis. The initial certification letter for Unit 6 and 7's CO CEMS was issued on March 28, 2018. Rule 218.1, Attachment A, Section C requires annual RATA assessments to be completed within six months of the end of the calendar quarter in

which the CEMS was originally certified. Since the CEMS was initially certified in the first quarter, the annual RATA would need to be completed by end of September 2025.

On August 24, 2025, the facility received an alarm indicating the presence of liquid within the Unit 8 steam turbine generator. Operations verified the alarm and discovered seal leaks caused oil to break through into the generator compartment. Completion of the CO RATA requires the operation of Units 6 and 7 in combined-cycle mode, which is dependent on the availability of the Unit 8 steam turbine. After the initial assessment, the status of the Unit 8 leak was estimated to require about five weeks to repair which would extend the unit unavailability beyond the September 30, 2025, CO RATA deadline. Once this determination was made, the CO RATA tests that were originally scheduled for September 3, 2025, (Unit 6 pre-notification # 850878) and September 4, 2025, (Unit 7 prenotification #850879) were cancelled. With Unit 8 currently expected to return to service as early as October 2025, the CO RATA tests will have to be performed after the third quarter deadline.

FINDINGS OF FACT AND CONCLUSIONS

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

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

Petitioner will be in violation of District Rules 203(b); 218 (b)(2); 218.1; 2004(f)(1); 3002(c)(1); and Condition D82.4 of Petitioner's Permit to Operate.

1. Rule 203(b) requires "The equipment shall not be operated contrary to the conditions specified in the permit to operate." The CO RATA is due on September 30, 2025. If the test is not performed by the due date, any subsequent operation of Units 6 and 7 will not be in compliance with the conditions of the Title V permit.
2. Rule 2004(f)(1) states, "The Facility Permit holder shall, at all times, comply with all rules and permit conditions applicable to the facility, as specified in the Facility Permit." The CO RATA is due on September 30, 2025. If the test is not performed by the due date, any subsequent operation of Units 6 and 7 will not be in compliance with the conditions of the Title V permit.
3. Rule 218(b)(2) states, "The owner or operator of any equipment subject to this Rule shall provide, properly install, operate, and maintain in calibration and good working order a certified CEMS to measure the concentration and/or emission rates, as applicable, of air contaminants and diluent gases, flow rates, and other required parameters. The owner or operator shall also provide the necessary records and other data necessary to calculate air contaminant emission rates or concentrations, as specified in Rule 218, Sections (e) and (f)." The CO RATA is due on September 30, 2025. If the test is not performed by the due date, any subsequent operation of Units 6 and 7 will not be in compliance with the conditions of the Title V permit.
4. Rule 218.1, Attachment A, Section C states, "For each CEMS, perform the aforementioned performance requirements once a year thereafter. These annual assessments shall be completed within six months of the end of the calendar quarter in which the CEMS was originally certified." The CO RATA is due on September 30, 2025. If the test is not performed by the due date, any subsequent operation of Units 6 and 7 will not be in compliance with the conditions of the Title V permit.

5. Rule 3002(c)(1) requires "A person shall construct and operate a Title V facility and all equipment located at a Title V facility in compliance with all terms, requirements, and conditions specified in the Title V permit at all times." The CO RATA is due on September 30, 2025. If the test is not performed by the due date, any subsequent operation of Units 6 and 7 will not be in compliance with the conditions of the Title V permit.
6. VGS Facility Permit to Operate Condition D82.4 requires "The CEMS shall be installed in accordance with an approved AQMD Rule 218 CEMS plan application...The CEMS shall be installed to measure CO concentration over a 15-minute averaging time period." The CO RATA is due on September 30, 2025. If the test is not performed by the due date, any subsequent operation of Units 6 and 7 will violate the conditions of the Title V permit.

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

The Unit 8 generator compartment experienced a high-high alarm indicating the presence of liquid within the generator. This condition rendered the steam turbine inoperable, as no liquid should be present in that compartment. The liquid was identified as oil, which is used to seal out hydrogen gas that is essential for proper steam turbine operation. Until repairs are completed, the Unit 8 steam turbine cannot be operated safely or reliably.

The CO RATA is primarily performed with the operation of Units 6 and/or 7 in combined-cycle mode, which is dependent on the availability of the Unit 8 steam turbine. At this facility, combined-cycle mode consists of operation of one or both combustion turbines and the steam turbine in operation (Unit 8). However, the necessary repairs to the Unit 8 steam turbine are projected to extend into the fourth quarter of 2025, which is beyond the current CO RATA due date of September

30, 2025. As a result, compliance with the required testing deadline is not possible with Unit 8 currently expected to return to service as early as October 2025.

b(2). Requiring compliance would result in either (1) an arbitrary or unreasonable taking of property, (2) the practical closing and elimination of a lawful business, or an unreasonable burden on an essential public service.

Petitioner could be subject to a Notice of Violation for the entire duration that the CO RATA is not successfully performed. Petitioner's ratepayers would then bear the expense of any resulting fines and penalties if this variance is not granted.

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

Units 6 and 7 have not been in operation since Unit 8 was shut down on August 24, 2025. Until Unit 8's repairs are completed, there will be zero emissions from Units 6 and 7. Requiring compliance and denying the variance would then be without a corresponding benefit in reducing air contaminants.

d. The petitioner for the variance has given consideration to curtailing operations of the source in lieu of obtaining a variance.

Units 6, 7 and 8 are a vital component in LADWP's portfolio of in-basin generating facilities, because they provide a reliable and economical way to integrate a diversified energy portfolio while ensuring voltage support and grid reliability for the LA basin. Because of their higher efficiency in combined cycle operations, these units run as baseload units and are critical to the stability of the entire LADWP power system.

Units 6 and 7's operations have been terminated since August 24, 2025. Because of the ongoing repairs, the units will remain inoperable throughout the duration of the variance. Even with operations temporarily terminated, Petitioner still recognizes that it requires a variance to obtain relief from the CO RATA test, which is due on September 30, 2025.

- e. **During the period the variance is in effect, the petitioner will reduce excess emissions to the maximum extent possible.**

Petitioner will reduce excess emissions to the maximum extent feasible as Units 6 and 7 are currently not operating and will remain out of service until repairs of Unit 8 are completed.

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

During the variance period, LADWP will continue to monitor and record emissions through Units 6 and 7's CEMS, which will be operational during the repair of Unit 8.

ORDER

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

- A. Petitioner is granted its request for a Short variance from District Rules 203(b), 218.1, 218(b)(2), 2004(f)(1), and 3002(c)(1) {from Permit Condition D82.4 of Facility Permit to Operate ID No. 800193, Device ID No.s D143 and D152} for the period commencing September 30, 2025, and continuing through December 31, 2025, the final compliance date.
- B. The variance granted herein is subject to the following conditions:

1. Petitioner shall complete the repair of Steam Turbine Unit No. 8, connected to Gas Turbine Unit No. 6 & 7 (Device No. D143 & D152), expeditiously and provide a notification when the repair is complete to South Coast AQMD via email to AQ Inspector III Adam Tavasolian (ATavasolian@aqmd.gov), and Supervising AQ Inspector Thomas Lee (tlee2@aqmd.gov). Notification shall include:
 - a. Completion of repairs to Steam Turbine Unit No. 8, within seven (7) calendars days of completion;
 - b. Date and time of initial start-up of the repaired Steam Turbine Unit No. 8, Gas Turbine Unit No. 6 & 7, within 72 hours of start-up;
 - c. Date and time of the relative accuracy test audit (RATA) at least 10 calendar days prior to conducting the testing. If the testing must be rescheduled, notification will be made within 24 hours or one business day following the schedule change.
2. Petitioner shall not operate Steam Turbine Unit No. 8, Gas Turbine Unit No. 6 & 7 until repairs are complete. Demonstration of non-operation shall include:
 - a. No fuel flow to Gas Turbine Unit No. 6 & 7 based on a dedicated fuel flow meter;
 - b. Daily fuel flow meter readings from the date the variance is granted to the conclusion of the variance;
 - c. Providing daily fuel flow records to AQ Inspector III Adam Tavasolian (ATavasolian@aqmd.gov), and Supervising AQ Inspector Thomas Lee (tlee2@aqmd.gov) within 72 hours of conducting the RATA test.
3. Petitioner shall perform the relative accuracy test audit (RATA) within 14 operating days for each turbine after initial startup of repaired Steam Turbine Unit No. 8, but no later than the final compliance date.
4. The Petitioner shall operate the Continuous Emissions Monitoring System (CEMS) to continuously monitor the exhaust from the Turbine Units No. 6 and No. 7 and record all required parameters (i.e. NO_x concentration, CO concentration, oxygen content, and fuel flow) for the duration of the variance period.

5. The Petitioner shall provide records of recorded data of all required parameters from days of operation from the CEMS to AQ Inspector III Adam Tavasolian (ATavasolian@aqmd.gov), and Supervising AQ Inspector Thomas Lee (tlee2@aqmd.gov) within 14 calendar days of conducting the RATA test.
6. The Petitioner shall conduct a daily calibration in accordance with Rule 218.1 (b)(2)(A) each day that Turbine Units No. 6 and No. 7 combusts any fuel.
7. The Petitioner shall forward a copy of the completed CO RATA to the South Coast AQMD Source Testing within 45 days of completion.
8. Petitioner shall pay all applicable fees to the Clerk of 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.
9. Petitioner shall notify the Clerk of the Hearing Board at clerkofboard@aqmd.gov in writing when final compliance has been achieved.

FOR THE BOARD: _____

DATE SIGNED: _____