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

In the Matter of

SOUTH COAST AIR QUALITY
MANAGEMENT DISTRICT,

Petitioner,

vs.

SOUTHERN CALIFORNIA EDISON –
PEBBLY BEACH GENERATING STATION

Facility ID No. 4477

Respondent.

CASE NO. 1262-115

**[PROPOSED] FINDINGS AND
DECISION FOR STATUS/MOD. OF
ORDER FOR ABATEMENT**

District Rule 1470

Date: May 27, 2026

Time: 9:30 a.m.

Place: Hearing Board

South Coast Air Quality

Management District

21865 Copley Drive

Diamond Bar, CA 91765

FINDINGS AND DECISION OF THE HEARING BOARD

The petition for a Stipulated Order for Abatement (SOA) was heard on January 4, 2022, September 1, 2022, January 24, 2023, July 25, 2023, January 25, 2024, November 20, 2024, May 27, 2025, November 19, 2025, and May 27, 2026, pursuant to notice and in accordance with the provisions of California Health and Safety Code Section 40823 and District Rule 812. The following members of the Hearing Board were present: Micah Ali, Chair; Robert Pearman, Esq., Vice-Chair; Jerry P. Abraham, MD MPH CMQ (7/25/23, 1/25/24, 5/21/25, 11/19/25); Dr. Allan Bernstein (1/4/22, 9/1/22, 1/24/23); Mohan Balagopalan; and Cynthia Verdugo-Peralta. Sharon Williams, MD, FACA AI (Alternate) recused herself from the decision on November 20, 2024, due to lack of time to have reviewed information from previous hearings.

This Petition for a status update/modification of the SOA was heard on the South Coast Air Quality Management District Hearing Board's May 27, 2026 Consent Calendar, in accordance with the provisions of California Health and Safety Code Section 42450 and District Rule 510. Five 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.

1 5. When the permit to construct was issued for the zero-time overhaul in 2017, the permit
2 conditions related to Rule 1470 were not changed from those in the then-existing permit to operate,
3 and the 0.01 g/bhp-hr particulate matter (PM) emission limit for new engines under Rule
4 1470(c)(4)(A) was inadvertently omitted from the emission limits applicable to Unit 15 in the permit.

5 6. Petitioner and Respondent agree that the 0.01 g/bhp-hr PM emission limit for “new”
6 engines under Rule 1470 should have been included in the permit conditions applicable to Unit 15
7 after the 2017 zero-time overhaul. However, even if a permit were issued correcting the omission,
8 Unit 15 would not have been able to meet the 0.01 g/bhp-hr PM emission limit, and still cannot.

9 7. Even though it cannot meet the applicable PM emission limit under Rule 1470, Unit
10 15 is the lowest-emitting engine for NOx and CO among the six engines at the Facility, and
11 preferential operation of Unit 15 allows the Facility to meet a lower facility-wide NOx limit than
12 would otherwise be possible. While Respondent could operate the other five engines located at the
13 Facility in lieu of Unit 15, this would increase overall emissions and Respondent would be unable to
14 comply with the facility-wide NOx limit in its Title V permit.

15 8. Petitioner and Respondent agree that a stipulated order for abatement should be issued
16 to assure that (i) operation of the Equipment be done with appropriate conditions, including
17 monitoring, recordkeeping, and reporting to the District; and (ii) a feasible plan for achieving
18 compliance be developed, approved, and implemented as expeditiously as practicable.

19 9. As part of the considerations impacting this Order for Abatement process is the Clean
20 Fuels Policy (CFP) of South Coast AQMD.

21 10. Respondent has complied with the conditions issued by this Board at the January 25,
22 2024, status update and modification hearing.

23 11. Until its amendment on October 4, 2024, Rule 1135 prohibited the installation of new
24 diesel internal combustion engines on Santa Catalina Island. On October 4, 2024, the Governing
25 Board amended Rule 1135 to extend the deadline for Unit 15’s installation to January 1, 2028, or six
26 months after a time extension is granted. *See* Rule 1135 (d)(2)(B). On October 29, 2024, South Coast
27 AQMD submitted the permit to construct (PTC) the replacement of Units 8, 10, and 15 to U.S. EPA
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1 for review. On February 13, 2025, South Coast AQMD notified SCE that the PTC had been issued.¹
2 The PTC identifies Unit 15's replacement as Cummins Model No. QSK60-G17 (see Section H, p.
3 2), which SCE had specified in its PTC application in January 2022.²

4 12. In November 2024, SCE asked Cummins to submit a direct-award proposal for Model
5 No. QSK60-G17.³ Cummins responded that it had discontinued its line of U.S. EPA Tier 4 Final-
6 certified generators (which included Model No. QSK60-G17) and they were no longer available for
7 sale.⁴ In December 2024, SCE evaluated an initial pool of 19 potential suppliers for a Unit 15
8 replacement but only seven suppliers indicated they might be able to meet the technical
9 requirements.⁵ On December 19, 2024, SCE issued a Request for Proposals (RFP) to those seven
10 suppliers.⁶ Cummins sent a letter to SCE dated December 20, 2024 confirming the discontinuation
11 of the Tier 4 Final product line.⁷ SCE received zero bids when the RFP closed on January 30, 2025.⁸

12 13. SCE has complied with the requirements listed in paragraph 1 on pages 13-14 of the
13 May 27, 2025 Order. SCE hired a company to search the secondary market to identify an appropriate
14 substitute for the U.S. EPA-certified Tier 4 Final engine listed in the Permit to Construct (Cummins
15 Model No. QSK60-G17). The company located a never-used Cummins U.S. EPA-certified Tier 2
16 Final unit from a third-party owner (see below).

17 14. SCE conducted a formal Request for Proposals from 9/12/25 to 10/17/25. SCE
18 received three proposals:

- 19 a) Purchase a new Cummins Tier 2-certified unit (from Cummins) intended for
20 emergency use and add aftermarket controls to bring emissions into compliance with
21 SCAQMD Rules 1135 and 1470;

25 ¹ See Declaration of Krystal Stangeland at ¶ 3. A copy of the PTC is attached to that declaration as Attachment A

26 ² *Id.*

27 ³ *Id.* at ¶ 4.

28 ⁴ *Id.*

⁵ *Id.* at ¶ 5.

⁶ *Id.*

⁷ A copy of the letter is attached to the Declaration of Krystal Stangeland as Attachment B.

⁸ Declaration of Krystal Stangeland at ¶ 5

1 2. Respondent shall begin to investigate the feasibility of installing an active DPF on
2 Unit 15 by contacting at least one active DPF manufacturer no later than January 4, 2022.
3 Respondent shall provide South Coast AQMD (cperri@aqmd.gov) with all correspondence from
4 the DPF manufacturer concerning that inquiry within one week after the initial contact and every
5 two weeks thereafter as long as discussions with the DPF manufacturer are continuing. Respondent
6 shall provide a report to South Coast AQMD (cperri@aqmd.gov) by January 18, 2022, detailing the
7 findings of the investigation of the feasibility of installing an active DPF on Unit 15, including all
8 technical details relating to the conclusion as to feasibility, any supporting documentation, and any
9 other information necessary for South Coast AQMD to evaluate the validity of the conclusion.

10 3. If either an active or passive DPF is jointly determined by South Coast AQMD and
11 SCE to be technically feasible for Unit 15, Respondent shall submit required permit applications no
12 later than 14 days after the feasibility determination is made, with expedited processing requested
13 and paid for. Respondent shall place a purchase order for the DPF within 7 days of receipt of the
14 South Coast AQMD permit, and shall request and pay for expedited processing by the manufacturer,
15 if available. Respondent shall commence installation of the DPF on Unit 15 within 10 days of receipt
16 of the DPF and shall achieve final compliance no later than 60 days after installation is commenced.

17 4. If SCE and South Coast AQMD do not reach agreement as to whether either an active
18 or passive DPF is feasible, SCE and South Coast AQMD agree to bring the issue back to the Hearing
19 Board for consideration.

20 5. Beginning January 10, 2022, Respondent shall: (a) assess the feasibility and the
21 environmental, service, and operational impacts of increasing the use of the microturbines that are
22 both permitted and currently operational at the Pebbly Beach facility; and (b) shall report the results
23 of that assessment to the South Coast AQMD by March 18, 2022. The assessment shall include a
24 conclusion regarding whether at least 1,270,000 kWh of power can be generated by the
25 microturbines each calendar year until Unit 15 is brought into compliance, and if not, the maximum
26 kWh/year of electric power production that can be reasonably and reliably achieved using those
27 microturbines.
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1 6. Respondent shall, by January 18, 2022, begin investigating the feasibility of the
2 following:

- 3 a. Using biodiesel or renewable diesel fuel for Unit 15 by contacting at least one
4 biodiesel or renewable diesel supplier and provide South Coast AQMD with all
5 correspondence from the biodiesel or renewable diesel supplier concerning that
6 inquiry;
- 7 b. Installing DPFs on all other engines at Pebbly Beach by contacting at least one DPF
8 manufacturer and provide South Coast AQMD with all correspondence from the
9 DPF manufacturer concerning that inquiry;
- 10 c. Installing a 100kW-250kW fuel cell at the Pebbly Beach facility;
- 11 d. Installing a 100kW-400kW PV solar system at the Pebbly Beach facility and provide
12 South Coast AQMD with the preliminary results of that investigation.

13 7. By April 1, 2022, Respondent shall submit to the South Coast AQMD
14 (cperri@aqmd.gov and mreichert@aqmd.gov) a report and preliminary action plan describing
15 options determined to be infeasible and evaluating feasible options resulting from the analyses
16 described in Conditions 5 and 6 (and any other options or combinations of options considered by
17 Respondent) and outlining the strategy selected from these options. In evaluating these options and
18 designing a strategy, Respondent shall examine whether some subset or smaller version of the
19 option(s) would be feasible and shall endeavor in good faith to find one or more options feasible for
20 implementation. The report shall include for all options considered, whether determined to be
21 feasible or infeasible, all technical details relating to the analysis, all supporting documentation, and
22 any other information necessary for South Coast AQMD to independently evaluate Respondent's
23 determinations and conclusions.

24 8. By July 8, 2022, Respondent shall submit to the South Coast AQMD
25 (cperri@aqmd.gov and mreichert@aqmd.gov) a final plan including detailed descriptions of the
26 proposed solution and associated increments of progress and deadlines by which each of the stated
27 milestones shall be met. Respondent shall offer to consult with the South Coast AQMD by early
28 August 2022.

1 1. Respondent shall complete installation of the catalyst on Unit 15 by September 30,
2 2022, unless it notifies the District by September 30, 2022, that it requires additional time. Such
3 notification shall be made to cperri@aqmd.gov, mreichert@aqmd.gov, and ishine@aqmd.gov and
4 shall include the reasons requiring an extension of time for installation. If such a notification is made,
5 Respondent shall complete installation of the catalyst on Unit 15 by October 21, 2022.

6 2. Respondent shall complete two emissions source tests on Unit 15 after the installation
7 of the catalyst. The first shall be completed within 90 days of installation of the catalyst, and the
8 second shall be completed at least 60 days, but no later than 90 days, of the first test (or re-test, if
9 such a re-test is performed under condition 4(a)).

10 3. Respondent shall request expedited preliminary results from both source tests of Unit
11 15 with the newly installed catalyst. Respondent agrees to notify the District (cperri@aqmd.gov,
12 mreichert@aqmd.gov, and ishine@aqmd.gov) of the results within 5 days of receipt of those
13 preliminary results.

14 4. If the preliminary results from the first source test show that Unit 15 is not meeting
15 the requirements of Rule 1470, Respondent shall determine whether actions can be taken such that a
16 re-test may demonstrate compliance.

- 17 a) If Respondent believes steps can be taken such that a re-test would demonstrate
18 compliance, Respondent shall, within 10 days of the preliminary test results,
19 provide South Coast AQMD with evidence that the reason the catalyst did not
20 reduce emissions to the required level is due to an issue that can be resolved with
21 equipment modifications prior to the re-test. Respondent shall perform any
22 necessary actions and shall make all reasonable efforts to complete a re-test within
23 15 days of the original source test. Respondent shall request expedited preliminary
24 test results from this re-test. If the preliminary results of the repeated source test
25 show that Unit 15 is still not meeting the requirements of Rule 1470, within 60
26 days of receipt of the preliminary re-test results, Respondent shall comply with
27 condition 4(c).
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1 b) If Respondent believes no steps can be taken such that a re-test may demonstrate
2 compliance, within 60 days of receipt of the preliminary test results, Respondent
3 shall comply with condition 4(c).

4 c) If triggered, Respondent shall submit to the District (cperri@aqmd.gov,
5 mreichert@aqmd.gov, and ishine@aqmd.gov) within 60 days Respondent's
6 proposed plan and timeline to bring Unit 15 into compliance with District Rule
7 1470(c)(4)(A). Respondent shall not be obligated to commence procurement of a
8 unit that cannot comply with Rule 1135 or the conditions of the Permit to Construct
9 issued by the District. [Condition 4c was triggered and Respondent has submitted
10 an application for a Permit to Construct for a replacement generator for Unit 15].

11 5. If the first source test results (including a retest) show that Unit 15 is in compliance
12 with Rule 1470, but the second preliminary test results show that Unit 15 will not meet the
13 requirements of 1470, Respondent shall determine whether actions can be taken such that a re-test of
14 the second test may demonstrate compliance.

15 a) If Respondent believes steps can be taken such that a re-test would demonstrate
16 compliance, Respondent shall, within 10 days of the preliminary test results,
17 provide South Coast AQMD with evidence that the reason the catalyst did not
18 reduce emissions to the required level is due to an issue that can be resolved, and
19 any equipment modifications planned for the re-test. Respondent shall perform
20 any necessary actions and shall make all reasonable efforts to complete a re-test
21 within 15 days of the second source test. Respondent shall request expedited
22 preliminary test results from this re-test. If the preliminary results of the repeated
23 source test show that Unit 15 is still not meeting the requirements of Rule 1470,
24 within 60 days of receipt of the preliminary re-test results, Respondent shall
25 comply with condition 4(c).

26 6. No later than September 30, 2022, Respondent shall submit to the District
27 (cperri@aqmd.gov, mreichert@aqmd.gov, and ishine@aqmd.gov) the results of the grid stability
28 study, which shall include an analysis of the maximum percentage of inverter-based technology is

1 feasible at the Facility. [Further conditions for the grid stability study are as set forth below in the
2 Order, paragraphs 3 and 4].

3 7. No later than October 1, 2022, Respondent shall submit to the District
4 (cperri@aqmd.gov, mreichert@aqmd.gov, and ishine@aqmd.gov) the status of the design and
5 installation of 100 kW of solar photovoltaic panels on new carports at two locations at PBGS (the
6 west side of the main building and the east side of the main building over existing parking spaces
7 along the shoreline). Respondent shall complete installation of these solar photovoltaic panels no
8 later than January 31, 2026.

9 8. Nothing in this Order requires SCE to withdraw its pending application for a Permit
10 to Construct a third U.S. EPA Tier 4 Final-certified diesel generator (if Unit 15 cannot be brought
11 into compliance with Rule 1470 and must be removed from service).

12 **CONDITIONS AND INCREMENTS OF PROGRESS**

13 **FROM ORDER ISSUED JULY 25, 2023 (ORDER SIGNED AUGUST 8, 2023)**

14 1. Respondent shall confer with District staff regarding whether it is required to re-
15 submit its application for a Permit to Construct a replacement generator for Unit 15. If the
16 application must be resubmitted, Respondent shall do so no later than August 15, 2023.
17 [Completed.]

18 2. Respondent shall, no later than August 4, 2023, provide the District
19 (cperri@aqmd.gov, mreichert@aqmd.gov, and ishine@aqmd.gov) with the Building and Safety
20 Department, Fire Code, and State Fire Marshal regulations upon which it is relying regarding the
21 operation and limitations of its propane storage tanks and propane fuel deliveries, including but not
22 limited to required distance from buildings and water suppression requirements. To the extent
23 Respondent is relying on verbal representations from the Fire Chief or other Authority Having
24 Jurisdiction, Respondent shall request no later than July 28, 2023, a written determination, decision,
25 or explanation from that entity explaining their conclusions regarding the propane storage tanks and
26 propane fuel deliveries at the Facility. Respondent shall ask that this written explanation be provided
27 as quickly as possible and shall provide it to the District no later than two (2) business days after
28 receipt. [Completed.]

1 3. Respondent shall, as part of its grid reliability study, perform the following repower
2 scenarios using HOMER Pro® microgrid software using these configuration descriptions and
3 assumptions: [Completed.]

4 a. Assumptions for both configurations:

- 5 i. 10% minimum charge on the existing battery system
- 6 ii. Load demand forecasted data for 2026 reflecting a peak of 6 MW and
7 approximately 31 GWh annual loading
- 8 iii. Existing NaS BESS modeled as 1 MW / 7 MWh with a round-trip-
9 efficiency of 85%
- 10 iv. Annual consumption of 500,000 gallons of diesel
- 11 v. Annual consumption of 2.1 million gallons of propane
- 12 vi. No minimum spinning reserve requirement

13 b. Configuration 1

- 14 i. Utility Scale Renewable PV System (30% of annual load)
- 15 ii. Three Tier 4 Final Diesel Generators (1.825 MW each)
- 16 iii. Existing NaS Battery System
- 17 iv. Five new battery systems (1 MW each)
- 18 v. Propane near zero emission (NZE) technology with a combined rating of at
19 least 2.25 MW (65% of annual load)

20 c. Configuration 2

- 21 i. Utility Scale Renewable PV System (30% of annual load)
- 22 ii. Three Tier 4 Final Diesel Generators (1.825 MW each)
- 23 iii. Existing NaS Battery System
- 24 iv. Five new battery systems (1 MW each)
- 25 v. Propane NZE technology with a combined rating of at least 2 MW (50% of
26 annual load)

27 d. If both parties agree an assumption is in whole, or in part, infeasible, they may
28 mutually agree to an appropriate modification thereof. [Completed.]

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of the Order shall be made only at a public hearing held upon 10 days’ published notice and appropriate written notice to Respondent.

- 6. Unless terminated earlier, the Hearing Board shall retain jurisdiction over this matter until September 30, 2027, at which time this Order for Abatement, if it has not been properly extended, shall expire.
- 7. This Order for Abatement does not act as a variance, and Respondent is subject to all rules and regulations of the District, and with all applicable provisions of California law. Nothing herein shall be deemed or construed to limit the authority of the District to issue Notices of Violation, or to seek civil penalties, criminal penalties, or injunctive relief, or to seek further orders for abatement, or other administrative or legal relief.

FOR THE BOARD: _____

DATED: _____

Prepared by Kelly Henderson, Attorney for Respondent and Mary J. Reichert, Attorney for Petitioner