

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

In the Matter of

Case No. 6230-2

**WALNUT CREEK ENERGY LLC,
[Facility I.D. No. 146536]**

Petition for Modification of a Final
Compliance Date and Extension of a
Regular Variance

Section 42350 of the California Health
and Safety Code

[PROPOSED] FINDINGS AND DECISION OF THE HEARING BOARD

This petition for a modification of a final compliance date and extension of a regular variance was heard on the consent calendar on **July 10, 2025**, in accordance with the provisions of California Health and Safety Code Section 40826 and District Rule 510. The following members of the Hearing Board were present: Micah Ali, Chair; Robert Pearman, Vice-Chair; Dr. Jerry P. Abraham, MD; Cynthia Verdugo-Peralta; and Mohan Balagopalan. Petitioner, Walnut Creek Energy, LLC (hereinafter “Walnut Creek” or “Petitioner”), represented by Gregory Wolffe, Yorke Engineering, did not appear. Respondent, South Coast Air Quality Management District (“South Coast AQMD” or “District” or “Respondent”) Executive Officer, represented by Nicholas Dwyer, Senior Deputy District Counsel, did not appear. The public was given the opportunity to testify. The joint Stipulation to Place Matter on Consent Calendar, the Declarations of George Piantka, the Declaration of Chris Perri, and the [Proposed] Findings and Decision of the Hearing Board were received as evidence, and the case was submitted. The Hearing Board finds and decides as follows:

FINDINGS OF FACT

1. The Walnut Creek Energy Park facility is located at 911 Bixby Dr, City of Industry, California, is a nominally rated 500-megawatt natural gas-fired, simple-cycle electricity generation facility consisting of five General Electric LMS100 combustion turbine generators and associated equipment. The equipment subject to this petition are the five GE LMS100 simple cycle gas turbines Units 1-5 (Device Nos. D1, D7, D13, D19, D25). The equipment is operated under Facility ID Number 146536.

2. On May 21, 2024, Case 6230-2 was heard and a Regular Variance granted by the Hearing Board on the Consent Calendar. The starting date of the Regular Variance was July 16, 2024. The Regular Variance provided relief from District Rules 2005, 2004(f)(1), 202(b), and 3002(c), which requires compliance with permit conditions, as Petitioner will be out of compliance with Permit Conditions A195.7 until the NOx start-up limit can be modified. The Regular Variance granted relief from Permit Condition A195.7 which states the petitioner must comply with the new start-up NOx emission limit 90 days after recommissioning the units with new Selective Catalytic Reduction (SCR) catalyst. NOx start-up mass emission limit identified in A195.7 could not be achieved after recommissioning.

3. Petitioner is unable to comply with the initial operation and final compliance deadlines in the variance. Petitioner cannot meet new Permit Condition A195.7 in the Permit to Construct and Temporary Permit to Operate (PTC/TPTO) received on January 31, 2024, until a facility Title V permit is issued with a modified NOx start-up limit.

4. Walnut Creek permitted the five units with a NOx BACT limit of 2.3 ppm during normal operations, which makes these units among the lowest emitting electrical generating equipment in California and in the country. Not granting this petition may require higher emitting units to operate in place of Walnut Creek which could have adverse air quality impacts and affect the availability and reliability and of power to California's electricity grid.

5. The Petitioner considered curtailment of the permitted natural gas fuel limit, however that will result in unreasonable harm to the business. The permitted natural gas limit

allows the Walnut Creek units to be available as peak electrical generation units that are critical to meet the demand on California's electrical grid. That demand is highest in the summer and early fall months due to ambient air temperatures and wildfires that can cause Public Safety Power Shutoff events in some areas that increase the need for power generation elsewhere to meet grid demands. California's electrical grid is about to transition into that summer peak demand period. Because the proposed variance relief will extend through these peak demand periods, curtailment of the daily natural gas limit cannot be considered throughout the term of the variance period. As a low-emitting peak power generating facility, Walnut Creek needs to be available for two starts per day and normal operations per day up to the fuel limit, in particular during the peak generating periods for grid reliability.

6. Excess emissions will continue to be mitigated through compliance with existing natural gas throughput usage limits, and compliance with all other Title V mass emission limits. Walnut Creek Energy is subject to a permitted natural gas fuel usage limit of no more than 20.7 MM cubic feet per day per turbine. Walnut Creek will continue to comply with this limit throughout the variance period, and not exceed any existing permitted mass emission limit, other than the NO_x start-up limit for which relief is requested. The daily natural gas usage limit developed during recent permitting actions to enforce potential to emit emissions under new source review based on operating 24 hours per day at maximum turbine load (i.e., 100% fuel heat input rate). By committing to operate below the daily natural gas fuel limit, Walnut Creek will continue to ensure that actual emissions will remain less than permitted levels for all pollutants, including NO_x.

7. Petitioner will continue to monitor NO_x emissions during the variance period using a certified continuous emission monitoring system (CEMS) for gas turbine Units 1-5.

CONCLUSION AND ORDER

The Findings of Fact and the Conclusions made by the Hearing Board on July 15, 2024, and July 10, 2025, are incorporated herein by reference. (Reference is made to the Findings and Decision of the Hearing Board dated July 15, 2024, and July 10, 2025, respectively.)

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

A. Petitioner is granted an extension to the final compliance date of the variance from South Coast AQMD Rules 2005, 2004(f)(1), 202(b), and 3002(c) {Conditions A195.7 of Title V Facility P/O No. 146536 for the Gas Turbines Units 1-5 (Device Nos. D1, D7, D13, D19, D25)} for the period commencing July 15, 2025, (the original final compliance date) and continuing for up to one year or whenever the permit modification is granted, whichever comes first.

B. The Petitioner will remain subject to all conditions of the Regular Variance granted in the existing case throughout the extended variance period until final compliance is achieved.

C. Petitioner shall comply with the following schedule of Increments of Progress as adopted by the Board pursuant to California Health and Safety Code section 42358:

1. The Petitioner will contact the South Coast AQMD permit engineer, at a minimum, monthly, to receive an update on the status of permit application processing, until such time as the draft Title V permit, reviewed and approved by the Petitioner, is sent to EPA for review prior to permit issuance.

2. The Petitioner will provide any information requested by the South Coast AQMD in support of processing the applications to modify condition A195.7 in a timely manner.

3. A final compliance date of January 15, 2026 is determined in this matter. The final compliance date is six (6) month from the granting of this modification, to allow for evaluation of the air dispersion modeling results submitted by the Petitioner on May 20, 2025, to be evaluated by the South Coast AQMD modeling staff, a mandatory 45-day review period by EPA for all Title V permits, and the administrative process of permit issuance by the South Coast AQMD.

FOR THE BOARD: _____

DATED: _____