

TO: MJMEUC Members with CI-RICE Engines

FROM: Floyd Gilzow

RE: EPA Answers to Questions

DATE: 8/26/10

Attached to this memo are the answers we have received from EPA Region VII regarding issues we raised earlier about implementation of this new rule.

Initially we had information that those answers would come from the Washington, DC office. But apparently HQ looked at the areas of likely impact – the majority are in Region VII – and kicked it back to the regional office. This is ultimately a benefit, since the individual in charge there is receptive to on-going discussions at this point and is aware of the hurdles we face in trying to achieve compliance.

The answers provide us with operational certainty in some specific areas, greater challenges in at least one area, and raise additional questions.

In summary the EPA says:

1. You can take any power that is generated during the engine's authorized maintenance and testing activities and feed it back into your own system and receive the revenues from your customers without jeopardizing the engine's status as an Emergency Generator
2. When operating for a bona fide emergency, the city can receive income from rate payers for electricity generated during the outage and is able to accept any payment from FEMA or SEMA to cover costs of utility operations should they otherwise be eligible to receive.
3. It is still not entirely clear what it means for a power source to be "interrupted" so that emergency engines can be operated without penalty. At this juncture EPA Region VII says the power line does not have to be 'black', but then goes on to require the RTO to authorize operation under a demand response program. I believe the answer is not responsive to the question and we will be asking for further clarification
4. The 35 hour non-emergency allowance for an Emergency engine can NOT be used to provide power in the instance where a transmission line into the town is taken down for maintenance purposes because that outage does not meet the definition of an emergency since it is planned.
5. There has been no official guidance issued either by the EPA or to the states by EPA on dealing with the issue of pre-testing of units that document violations of limits in existing air permits. However the guidance document that is referenced does not include generators among their three priority classes. That does not say that this issue can be ignored; only that it is not on their radar screen.
6. There is a sub-classification of non-emergency engines over 500 HP that are defined as limited use. They must still have all the emission control equipment of a general engine, they just don't have to have recertification or submit compliance reports as often.

Their memo is attached for your records and review. Please forward any questions as soon as possible on these or other NESHAP RICE topics as we formulate a second set of questions.

As previously mentioned, we will keep you posted as new information is generated and received.