UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 20 2001

OFFICE OF
AIR AND RADIATION

Ms Cynthia A.S. Levesque
City Public Service of San Antonio,
145 Navarro Street
P.O. Box 1771
San Antonio, TX 78296-1771

Re: Petition for Alternative to Part 75, Appendix E Requirement

Der Ms. Levesque:

EPA has evaluated your petition pertaining to City Public Service's (CPS)'s W.B. Tuttle Unit No.4 (ORIS Code 3613) requesting that EPA allow CPS to commit to hold operation of this unit permanently at less than 10% yearly in order to continue to allow the unit to be declared a peaking unit. The petition states that such operation would be in lieu of the Part 75, Appendix E , Section 1.1 requirement to install a CEM on that unit by the end of calendar year 2001. For the reasons discussed below, EPA denies the petition.

Background.

The unit at issue is a 160 megawatt net (191 megawatt gross) natural gas- fired generating unit, that began commercial operation in April 1963. It is an Appendix E unit which lost its peaking unit status in year 2000. In the petition, CPS indicates that the capacity factors for this unit for the last three years were the following: 10.05% for year 1998, 13.32% for year 1999, and 9.10% for year 2000, with a 3-year average of 10.82%. The unit exceeded the allowed 10.0 percent capacity factor by the end of year 2000, thus losing its peaking unit status and is therefore now required to install a CEM by the end of year 2001. CPS is currently planning to have a CEM certified and operational at the start-up of the year 2002 operational period.

CPS indicated that the company would like EPA to reconsider the need for the CEM at this unit by offering information regarding the unusual operational circumstances that caused the unit to go over the limit and providing a pledge to keep their capacity factor below an average of 8.5 % for the next three years.

The extenuating circumstances included a variety of operational problems at other units coupled with abnormally high ambient temperatures on September 5, 2000. CPS also indicated that regardless of these factors, W.B. Tuttle Unit 4 was expected to decline in capacity factor in future years due to more generation capacity being available in the south Texas area. CPS pledges in their petition to not exceed a 7.5% capacity factor in year 2001, and starting in year 2002, not exceed 8.5% for the 3-year average if allowed to maintain peaking level status and the continued use of an Appendix E monitoring system instead of the installation of a full CEM.

EPA Determination

As discussed above, CPS has lost its peaking unit status in calendar year 2000. CPS's July 30, 2001, petition requests that the unit in question be excepted from requirements of 40 CFR Part 75, Appendix E, Section 1.1, that require the installation of CEMs by the end of the calendar year following the year in which the unit has lost its peaking status. The purposes of Part 75 include ensuring the installation of continuous emission monitoring systems that provide consistent, accurate emission data throughout the operations of the affected unit once the units achieve a certain capacity level. To this end, the Part 75 regulations require that units that have exceeded 10% capacity factor over a three year average must install and operate CEMs, quality assuring the data obtained.

The Part 75 approach recognizes that an unusually high year of operation may happen, providing for up to 20% capacity in a specific year, and allowing the averaging of three years to compensate for the extraordinary circumstances. In the case at hand, however, CPS's unit capacity factor for 1999 is not out of line with 1998 and 2000. During the three years in question the unit operated beyond or at the very edge of the annual regulatory limit. CPS had all of calendar year 2000 to reduce the unit's utilization and in doing so comply with the regulatory requirements. The commitment to a capacity factor of 7.5% in 2001 barely gets the current three year average ('99, '00 and '01) below the limit, and in consequence, provides no meaningful emission reduction.

By accepting CPS's pledge to not to exceed a 8.5% capacity factor average for the next three years, even though CPS may have the best intention to abide by the pledge, EPA runs the risk that the unusual circumstances that motivated the loss of peaking unit status in the first place are repeated. Subsequently, the unit would be operating at capacity and load beyond peaking level status while still not having CEM monitors installed. Peaking unit status is provided in the regulation to provide relief to infrequently utilized units. CPS's unit does not meet that criterion. Further, CPS has not established that the conditions cited were unique or of sufficient magnitude to trigger the exceedence.

For all these reasons, EPA denies the petition. EPA's denial of the petition relies on the accuracy and completeness of the information in the July 30, 2001 petition and is appealable

under part 78 of the Acid Rain regulations. If you have any further questions about this matter, please contact Ruben Deza at (202) 564-3956.

Sincerely,

Brian J. McLean, Director
Clean Air Markets Division

cc. Joseph Winkler, Region VI
John Smith , Texas Natural Resource Conservation Commission