

December 18, 2014

Mr. Darrell Ricketson  
Vice President of Permian Basin Operations  
Kinder Morgan Production Company LLC  
500 West Illinois Avenue, Suite 500  
Midland, TX 79701

Re: CSAPR Applicability Determination for Units GCG1 and GCG2 at the Kinder Morgan SACROC Carbon Dioxide Treatment Plant (ORIS Code 56233)

Dear Mr. Ricketson:

This letter is a determination by the U.S. Environmental Protection Agency (EPA) under 40 CFR 97.404, 97.504, and 97.704 concerning the applicability of the Cross-State Air Pollution Rule (CSAPR) trading programs<sup>1</sup> to units GCG1 and GCG2 at the SACROC Carbon Dioxide Treatment Plant in Snyder, Texas.<sup>2</sup> This determination is made in response to a petition from Kinder Morgan Production Company LLC (Kinder Morgan) dated October 20, 2011, as supplemented by email messages on November 24 and December 16, 2014.<sup>3</sup> As discussed below, EPA determines that the units are not affected units under the CSAPR trading programs.

### Background

Kinder Morgan owns and operates units GCG1 and GCG2, which are natural gas-fired combustion turbines operated in combined cycle configuration with a single steam turbine. The nameplate capacities reported on Form EIA-860 are 60.5 MW for the generators associated with each of the two combustion turbines and 32.9 MW for the generator associated with the steam turbine.

Combustion turbines located in Texas that meet the applicability criteria discussed below are affected units under three of the four CSAPR trading programs.<sup>4</sup> In the CSAPR rulemaking, based on the information available to EPA at that time, EPA identified units GCG1 and GCG2 as potentially affected units and included the units in spreadsheets setting out default allocations of CSAPR emission allowances.

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<sup>1</sup> See 40 CFR part 97, subparts AAAAA,BBBBB, CCCCC, and DDDDD. CSAPR is also known as the Transport Rule (TR). In the *Code of Federal Regulations*, the CSAPR trading programs are referred to as "TR" trading programs and CSAPR emission allowances are referred to as "TR" allowances.

<sup>2</sup> In reports filed with the Energy Information Administration (EIA) of the U.S. Department of Energy, and in EPA's CSAPR emission allowance allocation spreadsheets, units GCG1 and GCG2 are identified as "CTG1" and "CT02" at the "EG178 Facility."

<sup>3</sup> On December 30, 2011, before EPA had responded to Kinder Morgan's petition, CSAPR was stayed by a court order and EPA ceased activities to respond to the petition. The court lifted the stay on October 23, 2014. In email messages on November 24, 2014, Kinder Morgan indicated its renewed interest in receiving EPA's response and affirmed the continued accuracy of the statements in the petition.

<sup>4</sup> See 40 CFR 52.38(a)(2) and (b)(2) and 52.39(b) and (c).

## EPA's Determination

With certain exceptions that are not relevant here, the CSAPR trading programs apply to any stationary, fossil fuel-fired boiler or stationary, fossil fuel-fired combustion turbine (including a boiler or combustion turbine operating in combined cycle configuration or as part of a cogeneration system) located in a covered state and serving at any time on or after January 1, 2005, a generator with nameplate capacity of more than 25 MWe producing electricity for sale.<sup>5</sup> In its petition, Kinder Morgan states that no electricity from units GCG1 and GCG2 is sold,<sup>6</sup> but instead all electricity produced by the units is used by other equipment at the SACROC facility. Kinder Morgan has confirmed that units GCG1 and GCG2 and the other equipment at the SACROC facility are under entirely common ownership. Based on this information, the units do not meet the CSAPR applicability criteria because the units have not at any time on or after January 1, 2005, served a generator producing electricity for sale. EPA therefore determines that units GCG1 and GCG2 are not affected units under the CSAPR trading programs.

No action is required on Kinder Morgan's part with respect to any CSAPR emission allowances allocated to units GCG1 and GCG2. No CSAPR compliance accounts have been established for the units and no allowances have been recorded in such accounts for the units. Under the CSAPR trading program regulations addressing situations of this nature, allowances allocated to the units will be made available for allocation to other Texas units.<sup>7</sup>

EPA's determination concerning the applicability of the CSAPR trading programs to units GCG1 and GCG2, as well as the disposition of CSAPR emission allowances allocated to the units, relies on the accuracy and completeness of the information provided by Kinder Morgan in the October 20, 2011 petition and the supplemental information provided on November 24 and December 16, 2014. This determination is appealable under 40 CFR part 78. If you have any questions regarding this determination, please contact Travis Johnson at (202) 343-9018.

Sincerely,

/s/

Reid P. Harvey, Director  
Clean Air Markets Division

cc: Eric Parker, Environmental Manager, Kinder Morgan  
Sandy Simko, Texas CEQ  
Raymond Magyar, EPA Region 6  
Robert Miller, EPA CAMD  
Travis Johnson, EPA CAMD

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<sup>5</sup> See 40 CFR 97.404(a), 97.504(a), 97.604(a), and 97.704(a).

<sup>6</sup> Kinder Morgan's statements that Units GCG1 and GCG2 do not produce any electricity for sale are consistent with the information reported annually to EIA for 2005 through 2012 (the most recent year for which EIA data were available at the time of this determination) regarding the disposition of electricity produced at the SACROC facility. See Forms EIA-923, 906, and 920, available at <http://www.eia.gov/electricity/data/eia923/>.

<sup>7</sup> See 40 CFR 97.411(c), 97.511(c), 97.611(c), and 97.711(c).