



REGION 10

SEATTLE, WA 98101

January 27, 2026

Mr. Bruce Jackman
Vice President, Kenai Refinery
Tesoro Alaska Company, LLC
54741 Energy Way
Kenai, Alaska 99611

Re: Force Majeure Event at Kenai Refinery's Cogeneration Turbines

Dear Mr. Jackman:

This letter is in response to your letter on behalf of Tesoro Alaska Company, LLC (Tesoro) to the U.S. Environmental Protection Agency, Region 10, dated July 15, 2025, and additional materials submitted to the EPA on October 1, 2025 and December 11, 2025. There, you informed the EPA, as required by 40 CFR 60.8(a)(1), that Tesoro asserts a claim of *force majeure* for equipment failure resulting in the delay of compliance testing required by 40 CFR part 60, subpart KKKK: *Standards of Performance for Stationary Combustion Turbines* (NSPS KKKK). As set forth below, the EPA is granting an extension to the performance test deadline under 40 CFR 60.8(a)(3).

Regulatory Basis

Pursuant to NSPS KKKK, to assure continuous compliance with the NO_x limit in table 1 of the subpart, the owner or operator of an affected turbine that does not use water or steam injection to control NO_x emissions must conduct an initial performance test, as required by 40 CFR 60.8, followed by ongoing tests annually (within 14 months of the previous performance test) or every two years (no more than 26 calendar months following the previous performance test) if the result from the performance test is less than or equal to 75 percent of the NO_x emission limit. See 40 CFR 60.4340(a) and 60.4400(a).

If the owner or operator of an affected facility is unable to conduct a performance test required by a standard in 40 CFR part 60, the owner or operator may request an extension of the test deadline on the grounds of a force majeure having occurred, as described in 40 CFR 60.8(a). The decision to grant an extension to the performance test deadline is solely within the discretion of the Administrator.

A force majeure is defined in 40 CFR 60.2 as:

[A]n event that will be or has been caused by circumstances beyond the control of the affected facility, its contractors, or any entity controlled by the affected facility that prevents the owner or operator from complying with the regulatory requirement to conduct performance tests within the specified timeframe despite the affected facility's best efforts to fulfill the obligation.

Examples of such events are acts of nature, acts of war or terrorism, or equipment failure or safety hazard beyond the control of the affected facility.

Background

Tesoro owns and operates the Kenai Refinery, located in an industrial area approximately 10 miles north of the city of Kenai, Alaska, that is capable of processing 72,000 barrels of crude oil per day into a variety of petroleum products. Crude oil and other feedstocks are transported to the refinery through the Kenai Pipeline by ocean tanker, barge, pipeline or tanker truck. The crude is then pumped into bulk storage tanks at the refinery. The refinery produces primarily jet fuel, gasoline and diesel fuel, as well as liquefied petroleum gases, heavy fuel oil, asphalt, and elemental sulfur. According to the title V operating permit (AQ0035TVP03 Rev 2) issued by the Alaska Department of Environmental Conservation, the Kenai Refinery has two dual fuel cogeneration turbines, each rated at 53.5 MMBtu/hr. Emission unit identification (EU ID) numbers for these cogeneration turbines are 32A (Co-Gen Turbine #1 GT-1400A) and 33A (Co-Gen Turbine #2 GT-1410A).

On July 15, 2025, Tesoro provided a letter to the EPA asserting that a force majeure had occurred that delayed the scheduled performance testing. Testing under NSPS KKKK was required to be completed for EU IDs 32A and 33A by August 14, 2025, which is within 26 months of the last performance testing date, June 14, 2023. Tesoro states that the cogeneration turbines both experienced mechanical failures. The mechanical failure for EU ID 32A occurred in April 2025 and the mechanical failure for EU ID 33A occurred in June 2025. In addition to the force majeure assertion, Tesoro included details of the mechanical failures in the letter and attached two years of preventative maintenance records for each unit. Tesoro requested extending the source test deadline by 90 days after successful installation of each turbine.

The mechanical failures happened at different times. In April 2025, EU ID 32A was shut down due to abnormal vibrations. A third-party turbine specialist, Solar, investigated the turbine on-site. Solar determined the generator had sustained damage to the rotor pole/poles, requiring the rotor to be rewound. EU ID 32A was determined to be non-operational until repaired, and in late May the generator was pulled from the unit and shipped to a facility for repair in Ohio. In June 2025, EU ID 33A tripped offline on a generator protection relay fast stop. Electricians responded to investigate and discovered signs of a fault of the generator leads. Similarly, EU ID 33A was determined to be non-operational until repaired, and the generator was pulled from the unit in mid-June and shipped to a facility for repair in Louisiana. Originally, both generators were estimated to be fixed and returned to the facility in mid-to-late August, beyond the 26-month deadline for source testing.

On October 1, 2025, Tesoro provided the EPA with the NO_x source test plan for the cogeneration turbines at the Kenai Refinery as well as the repair documentation for both units. Tesoro explained that the repairs in both generators required the rotors to be rewound in addition to fixing bearings. Tesoro notes that neither of the equipment failures had leading indicators that would have prevented the occurrences. After the repairs, Tesoro expedited the shipping of the generators to return the units to service as quickly as possible. The units had been returned to the facility at the time of the October 1, 2025, letter. The letter states that the NO_x source test was scheduled for the week of November 3, 2025, and the testing dates were confirmed in an e-mail received November 6, 2025. Tesoro performed the tests as scheduled and provided EPA with the source test reports on December 11, 2025.

Determination

Based on the information provided by Tesoro, the history of preventative maintenance, and the repair documentation, the EPA grants an extension to the performance tests required by 40 CFR 60.4340(a) and 60.4400(a) for the cogeneration turbines identified as EU IDs 32A and 33A in ADEC permit AQ0035TVP03 Rev 2. Tesoro provided sufficient information to demonstrate that the mechanical failures on EU IDs 32A and 33A were caused by circumstances outside of Tesoro's control and that the delay in completing the performance tests was attributable to the mechanical failures. Consistent with 40 CFR 60.8(a)(1), Tesoro notified EPA in writing as soon as practicable after Tesoro knew EU IDs 32A and 33A would not be repaired and placed back into service prior to the test deadline. Tesoro provided EPA with a written description of the cause of the equipment failure and Tesoro's efforts to promptly diagnose, repair, and place the EU IDs 32A and 33A back into service. See 40 CFR 60.8(a)(2). Tesoro also proposed a date to conduct the performance tests that was as expeditious as practicable considering the time necessary to make repairs and to successfully install EU IDs 32A and 33A. *Id.* Therefore, Tesoro has demonstrated that the delay is attributable to a force majeure as defined in 40 CFR 60.2 and satisfied the procedural requirements of 40 CFR 60.8(a). Accordingly, Tesoro's deadlines for conducting the performance tests on EU IDs 32A and 33A, pursuant to 40 CFR 60.4340(a) and 60.4400(a) are extended from August 14, 2025, to 90 days after Tesoro successfully installed each turbine. Ongoing compliance testing shall be performed according to the timelines specified in 40 CFR 40.4340(a) and shall be determined based on the actual date Tesoro conducted the performance tests.

The EPA's decision to grant an extension of a performance test does not waive or alter any other requirement that applies to the turbine.

If you have any questions about this matter, please contact Ms. Valerie Gardner of my staff at (907) 271-6561 or gardner.valerie@epa.gov.

Sincerely,

KARL
PEPPLE

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PEPPLE
Date: 2026.01.27
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Karl Pepple
Manager
Air Permits, Toxics, Transportation
and Communities Branch
Air and Radiation Division

cc: Mr. James Plosay
Alaska Department of Environmental Conservation

Ms. Breanna Howard
Alaska Department of Environmental Conservation

Mr. Benjamin McGarry
Tesoro