

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



EXAMPLE A

NOTICE OF APPLICATION AND PRELIMINARY DECISION FOR AN AIR QUALITY PERMIT

PROPOSED AIR QUALITY PERMIT NUMBERS: 120973 AND PSDTX1420

APPLICATION AND PRELIMINARY DECISION. Navasota South Peakers Operating Company I, L.L.C., 403 Corporate Wood Dr, Magnolia, Texas 77354-2758, has applied to the Texas Commission on Environmental Quality (TCEQ) for issuance of Proposed Air Quality Permit 120973 and Prevention of Significant Deterioration (PSD) Air Quality Permit PSDTX1420, which would authorize construction of the Union Valley Energy Center. The site can be reached as follows: go 4.5 miles northwest of Nixon on FM 1681 then take CR 475 south for 1 mile; the property is located on the east side of CR 475 where CR 475 turns back to the south, Nixon, Wilson County, Texas 78140. This application was submitted to the TCEQ on June 23, 2014. The proposed facility will emit the following air contaminants in a significant amount: carbon monoxide, nitrogen oxides, and particulate matter including particulate matter with diameters of 10 microns or less and 2.5 microns or less. In addition, the facility will emit the following air contaminants: volatile organic compounds, sulfur dioxide, and sulfuric acid mist.

A full PSD increment analysis was not required because the predicted impacts of all pollutants subject to PSD increment review were below the significant impact level for each pollutant.

The executive director has determined that the emissions of air contaminants from the proposed facility which are subject to PSD review will not violate any state or federal air quality regulations and will not have any significant adverse impact on soils, vegetation, or visibility. All air contaminants have been evaluated, and "best available control technology" will be used for the control of these contaminants.

The executive director has completed the technical review of the application and prepared a draft permit which, if approved, would establish the conditions under which the facility must operate. The permit application, executive director's preliminary decision, draft permit, and the executive director's preliminary determination summary and executive director's air quality analysis, will be available for viewing and copying at the TCEQ central office, the TCEQ San Antonio regional office, and at the Wilson County Public Library, 1 Library Lane, Floresville, Wilson County, Texas, beginning the first day of publication of this notice. The facility's compliance file, if any exists, is available for public review at the TCEQ San Antonio Regional Office, 14250 Judson Rd, San Antonio, Texas.

INFORMATION AVAILABLE ONLINE. These documents are accessible through the Commission's Web site at www.tceq.texas.gov/goto/cid: the executive director's preliminary decision which includes the draft permit, the executive director's preliminary determination summary, the air quality analysis, and, once available, the executive director's response to comments and the final decision on this application. Access the Commissioners' Integrated Database (CID) using the above link and enter the permit number for this application. The public location mentioned above, the Wilson County Public Library, 1 Library Lane, Floresville, Wilson County, Texas, provides public access to the internet. This link to an electronic map of the site or facility's general location is provided as a public courtesy and not part of the application or notice. For

exact location, refer to application.

<http://www.tceq.texas.gov/assets/public/hb610/index.html?lat=29.296035&lng=-97.832222&zoom=13&type=r>.

PUBLIC COMMENT/PUBLIC MEETING. You may submit public comments or request a public meeting about this application. The purpose of a public meeting is to provide the opportunity to submit comment or to ask questions about the application. The TCEQ will hold a public meeting if the executive director determines that there is a significant degree of public interest in the application, if requested by an interested person, or if requested by a local legislator. A public meeting is not a contested case hearing. **You may submit additional written public comments within 30 days of the date of newspaper publication of this notice in the manner set forth in the AGENCY CONTACTS AND INFORMATION paragraph below.**

After the deadline for public comment, the executive director will consider the comments and prepare a response to all public comment. **The response to comments, along with the executive director's decision on the application will be mailed to everyone who submitted public comments or is on a mailing list for this application.**

OPPORTUNITY FOR A CONTESTED CASE HEARING. A contested case hearing is a legal proceeding similar to a civil trial in a state district court. **A person who may be affected by emissions of air contaminants from the facility is entitled to request a hearing. A contested case hearing request must include the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) applicant's name and permit number; (3) the statement "I/we request a contested case hearing;" (4) a specific description of how you would be adversely affected by the application and air emissions from the facility in a way not common to the general public; (5) the location and distance of your property relative to the facility; and (6) a description of how you use the property which may be impacted by the facility. If the request is made by a group or association, then one or more members who have standing to request a hearing and the interests the group or association seeks to protect must also be identified. You may also submit your proposed adjustments to the application/permit which would satisfy your concerns. Requests for a contested case hearing must be submitted in writing within 30 days following this notice to the Office of the Chief Clerk, at the address provided in the information section below.**

A contested case hearing will only be granted based on disputed issues of fact that are relevant and material to the Commission's decisions on the application. Further, the Commission will only grant a hearing on issues raised by you or others during the public comment period that have not been withdrawn. Issues that are not raised in public comments may not be considered during a hearing.

EXECUTIVE DIRECTOR ACTION. If a timely contested case hearing request is not received or if all timely contested case hearing requests are withdrawn, the executive director may issue final approval of the application. The response to comments, along with the executive director's decision on the application will be mailed to everyone who submitted public comments or is on a mailing list for this application, and will be posted electronically to the CID. If any timely hearing requests are received and not withdrawn, the executive director will not issue final approval of the permit and will forward the application and requests to the Commissioners for their consideration at a scheduled commission meeting.

MAILING LIST. You may ask to be placed on a mailing list to obtain additional information on this application by sending a request to the Office of the Chief Clerk at the address below.

AGENCY CONTACTS AND INFORMATION. Public comments and requests must be submitted either electronically at www.tceq.texas.gov/about/comments.html, or in writing to the Texas Commission on

Environmental Quality, Office of the Chief Clerk, MC-105, P.O. Box 13087, Austin, Texas 78711-3087. If you communicate with the TCEQ electronically, please be aware that your email address, like your physical mailing address, will become part of the agency's public record. For more information about this permit application or the permitting process, please call the Public Education Program toll free at 1-800-687-4040. Si desea información en Español, puede llamar al 1-800-687-4040.

Further information may also be obtained from Navasota South Peakers Operating Company I, L.L.C. at the address stated above or by calling Mr. Bill Skinner, Director of Engineering at (281) 252-5221.

Notice Issuance Date: February 6, 2015

Emission Sources - Maximum Allowable Emission Rates

Permit Numbers 120973 and PSDTX1420

This table lists the maximum allowable emission rates and all sources of air contaminants on the applicant's property covered by this permit. The emission rates shown are those derived from information submitted as part of the application for permit and are the maximum rates allowed for these facilities, sources, and related activities. Any proposed increase in emission rates may require an application for a modification of the facilities covered by this permit.

Air Contaminants Data

Emission Point No. (1)	Source Name (2)	Air Contaminant Name (3)	Emission Rates	
			lbs/hour	TPY (4)
CTG-1	Simple Cycle CT Model - GE 7FA.04	NO _x	66.2	84.9
		NO _x MSS (5)	80.7	--
		CO	33.4	113.7
		CO MSS (5)	219.6	--
		VOC	4.2	12.8
		VOC MSS (5)	28.1	--
		SO ₂	2.8	3.3
		PM	8.6	10.8
		PM ₁₀	8.6	10.8
		PM _{2.5}	8.6	10.8
		H ₂ SO ₄ (6)	0.22	0.3
CTG-2	Simple Cycle CT Model - GE 7FA.04	NO _x	66.2	84.9
		NO _x MSS (5)	80.7	--
		CO	33.4	113.7
		CO MSS (5)	219.6	--
		VOC	4.2	12.8
		VOC MSS (5)	28.1	--
		SO ₂	2.8	3.3
		PM	8.6	10.8
		PM ₁₀	8.6	10.8
		PM _{2.5}	8.6	10.8
		H ₂ SO ₄ (6)	0.22	0.3

Emission Sources - Maximum Allowable Emission Rates

Emission Point No. (1)	Source Name (2)	Air Contaminant Name (3)	Emission Rates	
			lbs/hour	TPY (4)
CTG-3	Simple Cycle CT Model - GE 7FA.04	NO _x	66.2	84.9
		NO _x MSS (5)	80.7	--
		CO	33.4	113.7
		CO MSS (5)	219.6	--
		VOC	4.2	12.8
		VOC MSS (5)	28.1	--
		SO ₂	2.8	3.3
		PM	8.6	10.8
		PM ₁₀	8.6	10.8
		PM _{2.5}	8.6	10.8
		H ₂ SO ₄ (6)	0.22	0.3
FWP	Firewater Pump Engine (Normal and MSS Operation)	NO _x	1.4	0.35
		CO	1.7	0.43
		VOC	0.6	0.15
		SO ₂	0.003	<0.01
		PM	0.10	0.02
		PM ₁₀	0.10	0.02
		PM _{2.5}	0.10	0.02
NG1	Natural Gas Piping Fugitives (7)	VOC	0.04	0.2
Tank	Diesel Fuel Storage Tank (Normal and MSS Operation)	VOC	0.03	<0.01

(1) Emission point identification - either specific equipment designation or emission point number from plot plan.

(2) Specific point source name. For fugitive sources, use area name or fugitive source name.

(3) NO_x - total oxides of nitrogen

CO - carbon monoxide

VOC - volatile organic compounds as defined in Title 30 Texas Administrative Code § 101.1

Emission Sources - Maximum Allowable Emission Rates

- SO₂ - sulfur dioxide
- PM - total particulate matter, suspended in the atmosphere, including PM₁₀ and PM_{2.5}
- PM₁₀ - total particulate matter equal to or less than 10 microns in diameter, including PM_{2.5}
- PM_{2.5} - particulate matter equal to or less than 2.5 microns in diameter
- H₂SO₄ - sulfuric acid

- (4) Compliance with annual emission limits (tons per year) is based on a 12-month rolling period. Annual limits include normal and planned MSS emissions.
- (5) Emission limits applicable during planned MSS activities. Hourly emissions of NO_x, CO, and VOC are the only emissions that are higher than emissions during normal operations. During CT MSS, normal operations emission limits apply to all pollutants not shown with separate MSS limits. The MSS hourly emission limits apply to any clock hour during which the CT has any operation in MSS mode.
- (6) PM/PM₁₀/PM_{2.5} includes H₂SO₄.
- (7) Fugitive emission rates are estimates and are enforceable through compliance with the applicable special conditions and permit application representations.

Date: _____

Special Conditions

Permit Numbers 120973 and PSDTX1420

Emission Rates and Permit Representations

1. This permit covers only those sources of emissions listed in the attached table entitled "Emission Sources - Maximum Allowable Emission Rates," and those sources are limited to the emission limits and other conditions specified in that attached table. This permit authorizes planned maintenance, startup, and shutdown (MSS) activities which comply with the emission limits in the maximum allowable emission rates table (MAERT).
2. Emission limits are based upon representations in the permit application received June 23, 2014, as subsequently updated.

Federal Applicability

3. The sources identified in this condition are subject to and shall comply with applicable requirements of the U.S. Environmental Protection Agency (EPA) regulations in Title 40 Code of Federal Regulations Part 60 (40 CFR Part 60), New Source Performance Standards (NSPS) as follows:

Source	Emission Point Number (EPN)	Subpart	Standards of Performance for:
Combustion Turbines (CTs)	CTG-1, CTG-2, CTG-3	KKKK	Stationary Gas Turbines
Fire Water Pump Engine	FWP	IIII	Stationary Compression-Ignition Internal Combustion Engines
All of the above sources		A	General Conditions

The sources identified in this condition are subject to and shall comply with applicable requirements of the U.S. Environmental Protection Agency (EPA) regulations in 40 CFR Part 63), National Emission Standards for Hazardous Air Pollutants for Source Categories as follows:

Source	Emission Point Number (EPN)	Subpart	Standards of Performance for:
Fire Water Pump Engine	FWP	ZZZZ	Stationary Reciprocating Internal Combustion Engines
		A	General Conditions

Operating Limitations, Performance Standards, and Fuel Specifications

4. This permit authorizes three natural gas-fired CTs identified as Emission Point Numbers (EPNs) CTG-1, CTG-2 and CTG-3 to operate in simple cycle, and one emergency fire water pump engine (EPN FWP). Each CT shaft drives an electric generator. The CTs may employ evaporative cooling for power enhancement.
 - A. This permit authorizes construction and operation of CT model: GE 7FA.04 (General Electric);
 - B. The CTs are authorized to operate in normal operation, defined as operation that is not MSS operation.
 - C. The CTs are authorized for planned MSS operations as follows:
 - (1) startup, as defined in Special Condition No. 9C.;
 - (2) shutdown, as defined in Special Condition No. 9D.; and
 - (3) planned maintenance, subject to the conditions of this permit and the representations in the permit application.
 - D. The 300-horsepower (hp) emergency fire water pump engine is limited to 100 hours of non-emergency operation per year, on a rolling 12-month basis.
5. Fuel Specifications
 - A. Fuel for the CTs shall be limited to firing pipeline-quality, sweet natural gas containing no more than 0.5 grain total sulfur per 100 dry standard cubic feet (dscf).
 - B. The emergency fire water pump engine must use diesel fuel containing no more than 0.0015 percent (%) sulfur by weight.
 - C. Upon request by the Executive Director of the TCEQ or any air pollution control program having jurisdiction, the holder of this permit shall provide a sample and/or an analysis of the fuel-fired in the CTs and fire water pump, or shall allow air pollution control agency representatives to obtain a sample for analysis.
6. Emissions from CTG-1, CTG-2 and CTG-3 while operating in normal operation shall not exceed the following concentrations in parts per million by volume, dry basis (ppmvd) at 15% oxygen (O₂). Compliance with the NO_x and CO concentration limits shall be demonstrated on a three-hour rolling average using the continuous emissions monitoring systems (CEMS) required by Special Condition No. 13.

Pollutant	Concentration
Nitrogen oxides	9.0
Carbon monoxide (CO)	9.0

7. Each CTG (EPNs CTG-1, CTG-2 and CTG-3) is limited to no more than 2,500 hours of operation per rolling 12-month period.

8. During normal operation, opacity of emissions from the CTG-1, CTG-2 and CTG-3 exhaust stacks shall not exceed 5% averaged over a six-minute period. During planned MSS activities, the opacity shall not exceed 15%. Each determination shall be made by first observing for visible emissions while the facility is operating. Visible emission observations shall be made at least 15 feet and no more than 0.25 mile from the emission point. If visible emissions are observed from a stack, then opacity shall be determined in accordance with 40 CFR Part 60, Appendix A, Test Method 9. The opacity test must be performed by a certified opacity reader. Contributions from uncombined water shall not be included in determining compliance with this condition.

Visible emission observations shall be performed and recorded once per quarter. If the opacity exceeds 5% during normal operation or 15% during MSS activities, corrective action to eliminate the source of visible emissions shall be taken promptly and documented within one week of first observation.

Routine Maintenance, Startup and Shutdown

9. The emissions from planned MSS activities related to CTG-1, CTG-2 and CTG-3 are reflected in the MAERT. These emissions will be minimized by the following:
- A. Facility and air pollution control equipment will be operated in a manner consistent with good practices for minimizing emissions.
 - B. The duration of operation in MSS mode will be minimized and the applicable emissions monitoring systems will be kept in operation.
 - C. Startup.
 - (1) A single startup event for each CT shall not exceed 120 minutes except for those startup events that are also planned maintenance activities under Special Condition No. 9E(2).
 - (2) A startup event is defined as the period that begins when fuel flow is initiated in the CT as indicated by flame detection and ends when the normal operating low-NO_x combustion mode is achieved plus 15 minutes.
 - D. Shutdown.
 - (1) A single shutdown event for each CT shall not exceed 60 minutes.
 - (2) A shutdown event is defined as the time period that begins when the CT drops out of the normal operating low-NO_x combustion mode following an instruction to shut down, and ends when flame is no longer detected in the CT combustors. A shutdown event will also end if the CT is instructed to return to normal operating low-NO_x combustion operating mode and subsequently achieves normal operating low-NO_x combustion mode.
 - E. Maintenance.
 - (1) Maintenance activities authorized in this permit for the CTs are identified as any of the following:

- (a) CEMs maintenance and calibration.
 - (b) Dry low NO_x (DLN) burner tuning sessions. Tuning sessions are scheduled events and would occur after the completion of initial construction, a combustor change-out, a major repair, maintenance to a combustor, or other similar circumstances.
 - (c) Rotor maintenance, including rotor burn-in.
- (2) Combustion tuning/optimization and rotor burn-in of the CT is limited to 20 hours per event.
- F. The MSS activities identified in 9C, 9D, and 9E of this Special Condition are authorized provided that the mass emission rates in pounds per hour (lbs/hr) do not exceed those specified in the MAERT.

Initial Determination of Compliance

10. Sampling ports and platforms shall be incorporated into the design of all exhaust stacks according to the specifications set forth in the attachment entitled "Chapter 2, Stack Sampling Facilities." Alternate sampling facility designs may be submitted for approval by the TCEQ Regional Director.
11. The holder of this permit shall perform stack sampling and other testing as required to establish the actual quantities of air contaminants being emitted into the atmosphere from EPNs CGT-1, CGT-2, and CGT-3 to determine initial compliance with all emission limits established in this permit. Sampling shall be conducted in accordance with the appropriate procedures of the TCEQ Sampling Procedures Manual and in accordance with the appropriate EPA Reference Methods to be determined during the pretest meeting.

Fuel sampling using the methods and procedures of 40 CFR § 60.4415 may be conducted in lieu of stack sampling for sulfur dioxide (SO₂) or the permit holder may be exempted from fuel monitoring of SO₂ as provided under 40 CFR § 60.4365(a). If fuel sampling is used, compliance with NSPS Subpart KKKK, SO₂ limits shall be based on 100 percent conversion of the sulfur in the fuel to SO₂. Any deviations from those procedures must be approved by the Executive Director of the TCEQ prior to sampling. The TCEQ Executive Director or his designated representative shall be afforded the opportunity to observe all such sampling.

The holder of this permit is responsible for providing sampling and testing facilities and conducting the sampling and testing operations at his expense.

- A. The TCEQ San Antonio Regional Office shall be contacted as soon as testing is scheduled but not less than 45 days prior to sampling to schedule a pretest meeting.
- B. The notice shall include:
 - (1) Date for pretest meeting.
 - (2) Date sampling will occur.

- (3) Name of firm conducting sampling.
- (4) Type of sampling equipment to be used.
- (5) Method or procedure to be used in sampling.
- (6) Procedure used to determine turbine loads during and after the sampling period.

The purpose of the pretest meeting is to review the necessary sampling and testing procedures, to provide the proper data forms for recording pertinent data, and to review the format procedures for submitting the test reports. A written proposed description of any deviation from sampling procedures specified in permit conditions, or the TCEQ or EPA sampling procedures shall be made available to the TCEQ prior to the pretest meeting. The TCEQ Regional Director shall approve or disapprove of any deviation from specified sampling procedures. Requests to waive testing for any pollutant specified in this condition shall be submitted to the TCEQ Office of Air, Air Permits Division. Test waivers and alternate or equivalent procedure proposals for NSPS testing which must have EPA approval shall be submitted to the EPA and copied to TCEQ Regional Director.

- C. Air contaminants and diluents to be sampled and analyzed from each stack include (but are not limited to) NO_x, CO, PM/PM₁₀/PM_{2.5} (EPA Reference Method 5 including back half may be used), volatile organic compounds, SO₂, and O₂.
- D. Each CTG shall be tested at or above 90% of the maximum turbine load for the given atmospheric conditions at the time of testing. Each tested turbine load shall be identified in the sampling report. The permit holder shall present at the pretest meeting the manner in which stack sampling will be executed in order to demonstrate compliance with emission standards found in 40 CFR Part 60, Subpart KKKK, Table 1.
- E. Sampling as required by this condition shall occur within 60 days after achieving the nominal power output at which the turbine will be operated, but no later than 180 days after initial start-up of the combustion turbine. Additional sampling may be required by TCEQ or EPA.
- F. Within 60 days after the completion of the testing and sampling required herein, three copies of the sampling reports shall be distributed as follows:
 - (1) One copy to the TCEQ San Antonio Regional Office.
 - (2) One copy to the EPA Region 6 Office, Dallas.

Continuous Determination of Compliance

12. The permit holder shall install, calibrate, and maintain a CEMS to measure and record the in-stack concentration of NO_x, CO, and O₂ from each CT stack, EPNs CTG-1, CTG-2 and CTG-3.

- A. The NO_x and O₂ CEMS shall meet the design and performance specifications, pass the field tests, and meet the installation requirements and the data analysis and reporting requirements specified in the applicable Performance Specification Nos. 2 and 3, 40 CFR Part 60, Appendix B. The permit holder shall assure that the CEMS meets the applicable quality-assurance requirements specified in 40 CFR Part 60, Appendix F, Procedure 1. Relative accuracy exceedances, as specified in 40 CFR Part 60, Appendix F, 5.2.3 and any CEMS downtime shall be reported to the TCEQ San Antonio Regional Director, and necessary corrective action shall be taken. Supplemental stack concentration measurements may be required at the discretion of the TCEQ San Antonio Regional Director. Compliance with the CEMS requirements of 40 CFR Part 60 can be demonstrated by meeting the applicable requirements of 40 CFR Part 75 provided that the holder of this permit demonstrates compliance with all applicable 40 CFR Part 60 emission standards.
- B. The CO CEMS shall meet the design and performance specifications, pass the field tests, and meet the installation requirements and the data analysis and reporting requirements specified in the applicable performance specifications in 40 CFR Part 60, Performance Specification No. 4. The CEMS shall meet the applicable quality assurance requirements specified in 40 CFR Part 60, Appendix F, except that cylinder gas audits (CGA) conducted in all four quarters may be used in lieu of the annual relative accuracy test audit. Quarterly CGAs shall be conducted at least 60 days apart. A CGA is not required in any quarter in which the CT operates less than 168 hours.
- C. Relative accuracy exceedances (as specified in 40 CFR 60, Appendix F), CGA exceedances of ±15% accuracy, and any CEMS downtime shall be reported to the TCEQ San Antonio Regional Director, and necessary corrective action shall be taken. Supplemental stack sampling may be required at the discretion of the TCEQ San Antonio Regional Director.
- D. If any emission monitor fails to meet specified performance, it shall be repaired or replaced immediately. If repair or replacement is not immediately feasible, the monitor shall be repaired or replaced no later than seven days after the failure is first detected by an employee at the site, unless written permission is obtained from the TCEQ which allows for longer repair/replacement time. The holder of this permit shall develop an operation and maintenance program (including stocking necessary spare parts) to ensure that the continuous monitors are available as required. A monitor with downtime due to breakdown or repair of more than 10% of the facility operating time for any calendar year will be considered as a defective monitor and the monitor must be replaced within two weeks after exceeding the 10% threshold.
- E. The monitoring data shall be reduced to hourly average concentrations at least once every day, using a minimum of four equally-spaced data points from each one-hour period. The individual average concentrations shall be reduced to units of lbs/hr at least once every day.
- F. The monitoring data and quality-assurance data shall be maintained by the source. The data from the CEMS will be used to determine compliance with the conditions of this permit. During periods where the CEMS data is unavailable or not quality

assured, compliance may alternatively be determined by using manufacturer emission factors or valid and representative data previously measured and recorded by the unit's CEMS under similar operating conditions.

- G. The TCEQ Regional Office in San Antonio shall be notified at least 30 days prior to any relative accuracy test audit (RATA) in order to provide them the opportunity to observe the testing.
13. The holder of this permit shall either measure, or develop a program to calculate, the total mass flow rate through the stacks to ensure continuous compliance with the emission limitations specified in the MAERT. The permit holder shall calculate hourly mass emissions in lbs/hr using the measured or calculated exhaust flow rate and the measured concentrations of NO_x and CO from the CEMS required in Special Condition No. 12. The hourly calculated values will be cumulatively added during each hour of the month and stored on a computer hard drive or other TCEQ-accepted computer media. Records of this information shall also be available in a form suitable for inspection.
14. The permit holder shall monitor fuel consumption from CTG-1, CTG-2, and CTG-3 individually and continuously, using monitoring devices that are accurate to $\pm 2.0\%$ of the unit's maximum flow and maintain, calibrate, and operate the devices in accordance with the manufacturer's specifications. The devices shall be calibrated in accordance with the manufacturer's recommendations or at least annually.
15. After the initial demonstration of compliance, ongoing compliance with the VOC and PM tons per year emission rates in the MAERT shall be demonstrated by calculating rolling 12-month annual emissions from emission factors (lb/MMBtu, HHV) obtained from the results of the sampling required by Special Condition No. 11 and the monthly total heat input (MMBtu, HHV) from natural gas fuel.

Recordkeeping Requirements

16. The following records shall be kept at the plant for the life of the permit. All records required in this permit shall be made available at the request of personnel from the TCEQ, EPA, or any air pollution control agency with jurisdiction.
- A. A copy of this permit.
- B. Permit application received June 23, 2014 and supplemental information.
- C. A complete copy of the testing reports and records of the initial performance testing completed pursuant to Special Condition No. 11 to demonstrate initial compliance.
- D. Stack sampling results or other air emissions testing (other than CEMS data) that may be conducted on units authorized under this permit after the date of issuance of this permit.

17. The following records, written or electronic, shall be maintained at the plant site on a five-year rolling basis and be made readily available at the request of personnel from the TCEQ or any air pollution control agency with jurisdiction:
- A. Records to show compliance with relevant requirements of applicable federal NSPS standards as required by Special Condition No. 3.
 - B. Records of natural gas fuel usage and the sulfur content according to the fuel suppliers for the CTs to show compliance with Special Condition Nos. 3 and 5.
 - C. Records of hours of operation to show compliance with Special Condition No. 7.
 - D. Records of visible emission observations and if required, opacity readings, as specified in Special Condition No. 8.
 - E. Records of NO_x, CO, and O₂ CEMS emissions data to demonstrate compliance with the emission rates listed in the MAERT.
 - F. Raw data files of all CEMS data including calibration checks and adjustments and maintenance performed on these systems.
 - G. Records of the hours of operation and sulfur content of diesel fuel fired in the firewater pump engine, pursuant to Special Condition Nos. 4 and 5.
 - H. For records of planned MSS:
 - (1) Date, time, and duration of the event; and
 - (2) Emissions from the event.
 - I. Records required by 30 TAC § 116.115(b)(2)(E) in addition to records required in this condition to show compliance with emission limitations in this permit.

Reporting

18. The holder of this permit shall submit to the TCEQ San Antonio Regional Office and the Air Enforcement Branch of the EPA in Dallas semiannual reports as described in 40 CFR § 60.7. Such reports are required for each emission unit which is required to be continuously monitored pursuant to this permit.

Date: _____ dated _____

Preliminary Determination Summary
Navasota South Peakers Operating Company I, L.L.C.
Permit Numbers 120973 and PSDTX1420

I. Applicant

Navasota South Peakers Operating Company I, L.L.C.
403 Corporate Wood Dr
Magnolia, Texas 77354-2758

II. Project Location

Union Valley Energy Center
The site can be reached as follows: go 4.5 miles northwest of Nixon on FM 1681 then take CR 475 south for 1 mile; the property is located on the east side of CR 475 where CR 475 turns back to the south.
Wilson County
Nixon, Texas 78140.

III. Project Description

Navasota South Peakers Operating Company I, L.L.C. proposes to install three new natural gas fired combustion turbine generators (CTGs). The CTGs will be the General Electric 7FA (nominal 183 MW each) operating as peaking units in simple cycle mode.

IV. Emissions

The proposed facility will emit the following pollutants:

Air Contaminant	Proposed Allowable Emission Rates (tpy)
NO _x	255.1
CO	341.5
VOC	38.8
SO ₂	9.9
PM	32.4
PM ₁₀	32.4
PM _{2.5}	32.4
H ₂ SO ₄	0.9

The emission factors used in the emission rate calculations for startup and shutdown (SS) activities were provided by the turbine and associated equipment vendors. Hourly and annual emission limitations are included on the Maximum

Allowable Emission Rate Table (MAERT) separately if emissions were higher than non-SS emissions on an hourly basis.

V. Federal Applicability

The site is located in an attainment county (Wilson County, city of Nixon). The proposed source is a new major source at a greenfield site. The emissions of nitrogen oxides (NO_x) and carbon monoxide (CO) were both above 250 tpy making the project a major source by itself. The remaining criteria pollutants were compared to the significant emission rate for each pollutant where particulate matter (PM) including particulate matter less than 10 microns and less than 2.5 microns in diameter (PM₁₀/PM_{2.5}) also triggered a PSD review. The project emissions were above the Prevention of Significant Deterioration (PSD) major modification significance level; therefore, PSD review was triggered for these pollutants and full modeling and impacts analyses were performed. Volatile organic compounds (VOC), sulfur dioxide (SO₂) and sulfuric acid mist (H₂SO₄) were below the significant emission rate. The following chart illustrates the annual project emissions for each pollutant and whether this pollutant triggers PSD review. These totals include SS emissions.

Pollutant	Project Emissions (tpy)	Major Mod Trigger (tpy)	PSD Triggered Y/N
NO _x	255.1	40	Y
CO	341.5	100	Y
VOC	38.8	40	N
SO ₂	9.9	40	N
PM	32.4	25	Y
PM ₁₀	32.4	15	Y
PM _{2.5}	32.4	10	Y
H ₂ SO ₄	0.9	7	N

VI. Control Technology Review

In addition to a review of control technology for steady state operations, the best available control technology (BACT) analysis includes startup and shutdown emissions and the numerical emission limits in the draft permit reflect this analysis. Although the units may not meet the ppm by volume dry (ppmvd) limits during startup and shutdown, they will meet the mass emission limits (pounds per hour and tons per year) unless a separate limit was established, and startup and shutdown events will be limited by Special Condition No. 9. Typical

startup and shutdown of the turbine are conducted in accordance with manufacturer's recommendations to minimize emissions and maximize efficiencies.

As part of the BACT review process, the Texas Commission on Environmental Quality (TCEQ) evaluates information from the Environmental Protection Agency's (EPA's) RACT/BACT/LAER Clearinghouse (RBLC), on-going permitting in Texas and other states, and the TCEQ's continuing review of emissions control developments.

CTGs

Nitrogen Oxides (NO_x):

Each CTG is gas fired and equipped with dry low-NO_x burners (DLN) to control NO_x emissions to 9.0 ppmvd at 15% O₂ during steady state operations. DLN is a combustion zone technology that pre-mixes fuel and air to reduce thermal NO_x formation without the need for water or steam injection. Since the CTGs are each limited to 2,500 hours per year of operation, based on a rolling 12-month period, installing a selective catalytic reduction unit (SCR) would not be economically reasonable. Recently issued permits in Texas for peaking turbines include Tradinghouse (issued 2/7/14), Guadalupe Power Partners (issued 10/2/2013) and DeCordova (8/29/2013). The permits have a NO_x concentration limit of 9 ppmvd at 15% O₂. Therefore, the use of DLN to control NO_x emissions to 9.0 ppmvd at 15% O₂ is consistent with recently issued permits for similar facilities and is BACT for the CTGs.

Carbon Monoxide (CO):

With DLN and operating the CTGs according to good combustion practices, CO emissions will be controlled to 9.0 ppmvd at 15% O₂. Since the CTGs are restricted to the annual operating hours specified in the paragraph above for NO_x, installing an oxidation catalyst would not be economically feasible. Recently issued peaking turbine permit in Texas have been issued at 9 ppmvd at 15% O₂. Therefore, the use of DLN and good combustion practices to control CO emissions to 9.0 ppmvd at 15% O₂ is consistent with recently issued permits for similar facilities and is BACT for the CTGs.

Volatile Organic Compounds (VOCs):

Through maintenance of optimum combustion conditions and practices and firing the CTGs with pipeline-quality natural gas, VOC emissions will be controlled to 2.0 ppmvd at 15% O₂ during steady state operations. This meets BACT.

Particulate Matter (PM/PM₁₀/PM_{2.5}):

The CTGs will be fired with pipeline-quality natural gas. Pipeline-quality natural gas has very low ash and sulfur contents. This meets BACT.

Sulfur Compounds (SO₂/H₂SO₄):

Emissions of SO₂ and H₂SO₄ from the CTGs will occur from the oxidation of sulfur in the natural gas during combustion, with the majority of the sulfur converted to SO₂ and a small fraction converting to H₂SO₄. The CTGs will be fired with pipeline-quality natural gas with a sulfur content not exceeding 0.5 grain sulfur per 100 dry standard cubic feet, which will minimize the formation of SO₂ and H₂SO₄. This meets BACT.

Turbine Planned Maintenance, Startup, and Shutdown (MSS):

During periods of planned MSS, control devices and process equipment are operated outside the optimal range they were designed to work most effectively, and it is technically infeasible to meet the primary BACT emission rates.

Therefore, secondary BACT limits are necessary during these periods to minimize emissions. BACT will be achieved by minimizing the duration of the MSS events (consistent with standard operating procedures) to minimize the amount of time the equipment is outside the optimal performance mode and meeting the emission limitations on the MAERT.

Also, planned MSS activities must be performed using good air pollution control practices and safe operating practices to minimize emissions.

Emergency Engine

A firewater pump is proposed. BACT will be achieved through the installation of an engine which meets the requirements of 40 CFR 60, Subpart IIII. The engines will fire ultra low sulfur diesel fuel, containing no more than 15 parts per million (ppm) sulfur by weight. The firewater pump is limited to 100 hours per year of non-emergency operation per year. The diesel fuel tank will be submerged fill.

Fugitive Emissions

The fugitive emissions include VOC from the natural gas fuel lines (EPN NG1). Given the nature and quantity of the emissions, no control is BACT.

VII. Air Quality Analysis

The air quality analysis (AQA), as supplemented by the ADMT, is acceptable for all review types and pollutants. The results are summarized below.

A. De Minimis Analysis

A De Minimis analysis was initially conducted to determine if a full impacts analysis would be required. The De Minimis analysis modeling results

indicate that 1-hr NO₂ exceeds the interim de minimis concentration and requires a full impacts analysis. The De Minimis analysis modeling results for annual NO₂ and all averaging times of CO, PM₁₀, and PM_{2.5} indicate that the project is below the respective de minimis concentrations and no further analysis is required.

The justification for selecting the EPA's interim 1-hr NO₂ De Minimis level was based on the assumptions underlying EPA's development of the 1-hr NO₂ De Minimis level. As explained in EPA guidance memoranda¹, the EPA believes it is reasonable as an interim approach to use a De Minimis level that represents 4% of the 1-hr NO₂ NAAQS.

The applicant provided an evaluation of ambient PM_{2.5} monitoring data, consistent with EPA guidance for PM_{2.5}², for using the PM_{2.5} De Minimis levels in the NAAQS analysis. If monitoring data shows that the difference between the PM_{2.5} NAAQS and the monitored PM_{2.5} background concentrations in the area is greater than the PM_{2.5} De Minimis level, then the proposed project with predicted impacts below the De Minimis level would not cause or contribute to a violation of the PM_{2.5} NAAQS and does not require a full impacts analysis. See the discussion below in the Air Quality Monitoring section for additional information on the evaluation of ambient PM_{2.5} monitoring data.

The applicant did not provide sufficient justification for using the PM_{2.5} De Minimis levels for the increment analysis. However, the ADMT reviewed the TCEQ air permit database to identify potential nearby increment affecting sources. The increment affecting sources identified by the ADMT are located more than 20 kilometers (km) from the project site. In addition, the PM_{2.5} emission increases associated with these sources are considerably smaller than the PM_{2.5} emission increases associated with the project site. Based on the air permit data, the addition of these sources to the modeled emission inventory would not cause an exceedance of the PM_{2.5} increments.

**Table 1. Modeling Results for PSD De Minimis Analysis
 in Micrograms Per Cubic Meter (µg/m³)**

Pollutant	Averaging Time	GLC _{max} (µg/m ³)	De Minimis (µg/m ³)
PM ₁₀	24-hr	0.9	5
PM ₁₀	Annual	0.06	1

¹ www.epa.gov/nsr/documents/20100629no2guidance.pdf

² www.epa.gov/ttn/scram/guidance/guide/Guidance_for_PM25_Permit_Modeling.pdf

Pollutant	Averaging Time	GLC _{max} (µg/m ³)	De Minimis (µg/m ³)
PM _{2.5}	24-hr	0.9	1.2
PM _{2.5}	Annual	0.06	0.3
NO ₂	1-hr	32	7.5
NO ₂	Annual	0.8	1
CO	1-hr	366	2000
CO	8-hr	204	500

The GLC_{max} are the maximum predicted concentrations associated with five years of meteorological data.

The applicant performed an analysis on secondary PM_{2.5} formation as part of the PSD AQA. The applicant evaluated the project emissions of PM_{2.5} precursor emissions (NO_x and SO₂). The project will result in a proposed increase of NO_x emissions greater than 40 tons per year (tpy) and a proposed increase of SO₂ emissions less than 40 tpy.

Since the project SO₂ emissions are less than the PM_{2.5} precursor significant emission rate (SER) for SO₂, significant secondary PM_{2.5} formation due to the proposed SO₂ emissions is not expected. The applicant used the EPA interpollutant trading (offset) ratios for PM_{2.5} to demonstrate that secondary PM_{2.5} formation due to the proposed NO_x emissions would not be significant. Using the offset ratios, the applicant determined that the proposed NO_x emissions of 254.6 tpy would be equivalent to 1.27 tpy of PM_{2.5} emissions. The proposed direct PM_{2.5} emissions (32.2 tpy) are more than 20 times the equivalent PM_{2.5} emissions. Secondary PM_{2.5} formation occurs as a result of chemical transformations that occur in the atmosphere gradually over time and only a portion of the NO_x emissions would be affected. Furthermore, secondary PM_{2.5} formation from NO_x is unlikely to overlap in time or space with nearby maximum primary PM_{2.5} impacts associated with the project sources. The applicant concluded that the impact of the secondary PM_{2.5} emissions from the project would be much less than the impacts resulting from direct PM_{2.5} emissions, and the total impacts would be well below the NAAQS and increments.

B. Air Quality Monitoring

The De Minimis analysis modeling results indicate that NO₂, CO, and PM₁₀ are below their respective monitoring significance levels.

Table 2. Modeling Results for PSD Monitoring Significance Levels

Pollutant	Averaging Time	GLC _{max} (µg/m ³)	Significance (µg/m ³)
PM ₁₀	24-hr	0.9	10
NO ₂	Annual	0.8	14
CO	8-hr	204	575

The GLC_{max} are the maximum predicted concentrations associated with five years of meteorological data.

The applicant evaluated ambient PM_{2.5} monitoring data to satisfy the requirements for the pre-application air quality analysis.

Background concentrations for PM_{2.5} were obtained from the EPA AIRS monitor 480290053 located at 16289 North Evans Rd. #2, Selma, Bexar County. The three-year average (2011-2013) of the 98th percentile of the annual distribution of the 24-hr concentrations was used for the 24-hr value (23 µg/m³). The three-year average (2011-2013) of the annual concentrations was used for the annual value (9 µg/m³). The use of this monitor is reasonable based on the applicant's review of countywide emissions and population and a qualitative review of emissions sources in the surrounding area of the monitor site relative to the project site. In addition, the applicant reviewed data from other PM_{2.5} monitors in the area and found that the concentrations were comparable.

C. National Ambient Air Quality Standards (NAAQS) Analysis

The De Minimis analysis modeling results indicate that 1-hr NO₂ exceeds the interim de minimis concentration and requires a full impacts analysis. The full NAAQS modeling results indicate the total predicted concentrations will not result in an exceedance of the NAAQS.

Table 3. Total Concentrations for PSD NAAQS (Concentrations > De Minimis)

Pollutant	Averaging Time	GLC _{max} (µg/m ³)	Background (µg/m ³)	Total Conc. = [Background + GLC _{max}] (µg/m ³)	Standard (µg/m ³)
NO ₂	1-hr	39.5	65.1	104.6	188

The 1-hr NO₂ GLC_{max} is the highest five-year average of the 98th percentile, or high, eighth high, of the annual distribution of the predicted daily maximum 1-hr concentrations determined for each receptor.

A background concentration for NO₂ was obtained from the EPA AIRS monitor 480290622 located at 7145 Gardner Rd., San Antonio, Bexar County. The three-year average (2011-2013) of the 98th percentile of the annual distribution of the maximum daily 1-hr concentrations was used for the 1-hr value. The use of this monitor is reasonable based on the applicant's review of countywide emissions and population and a qualitative review of emissions sources in the surrounding area of the monitor site relative to the project site.

Table 4. PSD Ambient Air Quality Analysis for Ozone

Pollutant	Monitor	Averaging Time	Background (ppb)	Standard (ppb)
O ₃	480290059	8-hr	70	75

A background concentration for O₃ was obtained from the EPA AIRS monitor 480290059 located at 14620 Laguna Rd., San Antonio, Bexar County. A three-year average (2011-2013) of the annual fourth highest daily maximum 8-hr concentrations was used in the analysis. The use of this monitor is reasonable based on the applicant's review of countywide emissions and population and a qualitative review of emissions sources in the surrounding area of the monitor site relative to the project site.

EPA Region 6 has previously recommended a conservative analysis based on the NO₂ modeling to estimate the potential impacts on ozone levels. Considering that it takes time for the NO₂ emissions to react to generate ozone, an evaluation of maximum estimated NO₂ concentrations at a distance of 10-to-11 km downwind from the project source could be used to estimate the potential ozone impacts. EPA Region 6 has recommended that emission sources would have an average ozone yield of up to 2-3 ozone molecules per NO₂ molecule. The applicant used AERMOD to calculate a maximum 8-hr NO_x concentration of 0.9 parts per billion (ppb) at a distance of 10 km. Assuming 100% conversion of NO_x to NO₂ and an ozone yield of three ozone molecules per molecule of NO₂, the 8-hr maximum predicted increase of ozone would be 2.7 ppb. The AQA noted that 90% conversion of NO_x to NO₂ was assumed in the analysis, but this assumption was not actually used. Adding 2.7 ppb to the 8-hr ozone background of 70 ppb will result in a total 8-hr ozone concentration less than the 8-hr ozone NAAQS of 75 ppb.

D. Increment Analysis

The De Minimis analysis modeling results indicate that annual NO₂ and all averaging times of PM₁₀ and PM_{2.5} are below the respective de minimis concentrations and do not require a PSD increment analysis. PSD increments do not exist for CO and 1-hr NO₂.

Please refer to the De Minimis Analysis section above for a discussion on the justification of the PM_{2.5} increment de minimis levels.

E. Additional Impacts Analysis

The applicant performed an Additional Impacts Analysis as part of the PSD AQA. The applicant conducted a growth analysis and determined that population will not significantly increase as a result of the proposed project. The applicant conducted a soils and vegetation analysis and determined that all evaluated criteria pollutant concentrations are below their respective secondary NAAQS. The applicant meets the Class II visibility analysis requirement by complying with the opacity requirements of 30 TAC 111. The Additional Impacts Analyses are reasonable and possible adverse impacts from this project are not expected.

The ADMT evaluated predicted concentrations from the proposed site to determine if emissions could adversely affect a Class I area. The nearest Class I area, Big Bend National Park, is located approximately 490 km from the proposed site.

The H₂SO₄ 24-hr maximum predicted concentration of 0.01 µg/m³ occurred approximately 1 km from the fence line towards the south. The H₂SO₄ 24-hr maximum predicted concentration occurring at the edge of the receptor grid, 50 km from the proposed sources, in the direction of the Big Bend National Park Class I area is 0.0003 µg/m³. The Big Bend National Park Class I area is an additional 440 km from the edge of the receptor grid. Therefore, emissions of H₂SO₄ from the proposed project are not expected to adversely affect the Big Bend National Park Class I area.

The predicted concentrations of PM₁₀, PM_{2.5}, NO₂, and SO₂ for all averaging times, are all less than de minimis levels at a distance of one km from the proposed sources in the direction of the Big Bend National Park Class I area. The Big Bend National Park Class I area is an additional 489 km from the location where the predicted concentrations of PM₁₀, PM_{2.5}, NO₂, and SO₂ for all averaging times are less than de minimis. Therefore, emissions from the proposed project are not expected to adversely affect the Big Bend National Park Class I area.

F. Minor Source NSR and Air Toxics Review

Table 5. Site-wide Modeling Results for State Property Line

Pollutant	Averaging Time	GLC _{max} (µg/m ³)	Standard (µg/m ³)
SO ₂	1-hr	0.8	1021
H ₂ SO ₄	1-hr	0.1	50
H ₂ SO ₄	24-hr	0.01	15

The justification for selecting the EPA's interim 1-hr SO₂ De Minimis level was based on the assumptions underlying EPA's development of the 1-hr SO₂ De Minimis level. As explained in EPA guidance memoranda³, the EPA believes it is reasonable as an interim approach to use a De Minimis level that represents 4% of the 1-hr SO₂ NAAQS.

Table 6. Modeling Results for Minor NSR De Minimis

Pollutant	Averaging Time	GLC _{max} (µg/m ³)	De Minimis (µg/m ³)
SO ₂	1-hr	0.8	7.8
SO ₂	3-hr	0.5	25
SO ₂	24-hr	0.2	5
SO ₂	Annual	0.01	1

The GLC_{max} are the maximum predicted concentrations associated with one year of meteorological data.

VIII. Conclusion

Navasota South Peakers Operating Company I, L.L.C. has demonstrated that this project meets all applicable rules, regulations and requirements of the Texas and Federal Clean Air Acts. The proposed facilities and controls represent BACT. The modeling analysis indicates that the proposed project will not violate the NAAQS, cause an exceedance of the increment, or have any adverse impacts on soils, vegetation, or Class I Areas. In addition, the modeling predicted no exceedance of ESLs at all receptors for non-criteria contaminants evaluated.

³ www.epa.gov/region07/air/nsr/nsrmemos/appwso2.pdf

The Executive Director of the TCEQ proposes a preliminary determination of issuance of this permit for Navasota South Peakers Operating Company I, L.L.C. to construct the Union Valley Energy Center as proposed.