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September 14, 2005

Deborah Jordan, Director
Air Division
U.S. EPA Region IX
75 Hawthorne St.
San Francisco, CA 94105

Subject: Commitments for SRP Coronado Air Quality Permit Number 30732

Dear Ms. Jordan:

The Arizona Department of Environmental Quality (ADEQ), and the U.S. EPA have reached agreement regarding the proposed SRP Coronado Title V Air Quality Renewal Permit 30732. Representatives of both agencies have discussed and agreed that changes to some of the conditions in the permit are necessary in order to satisfy Title V requirements. As described below, the Department has agreed upon the comments dated September 7, and September 13, and discussions per telephone and e-mail on September 14, 2005. The following is a description of the responses and comments that ADEQ is making to EPA's comments in order to avoid objection to this permit. ADEQ will not issue this permit until the changes committed to in this letter are completed.

Discussions per telephone and e-mail concluding on September 14, 2005

Compliance Assurance Monitoring (CAM)

It has been agreed upon by ADEQ and EPA that the particulate matter (PM) CAM plan shall use opacity as an indicator for PM emissions. An 18% opacity level, on a one-hour basis, will be the primary trigger level, using continuous opacity monitors. If the opacity is equal to or greater than 18% on a one-hour basis then SRP will check and record the electrostatic precipitator (ESP) electrical parameters (secondary voltage and secondary current of each section of each ESP) and load change of the specific boiler. The electrical parameters will be a secondary indicator for PM emissions. If the electrical parameters are outside the established range then SRP will report an excursion and take corrective action. The above mentioned range shall be determined after the permit is issued giving SRP a one month window, based on data collected over this time, to establish a current and voltage range. If the electrical parameters are within the range, this will not constitute an excursion. In addition SRP will monitor and record the secondary current and voltage of each section of the ESP on a continuous basis (at least one cycle every 15 minutes). If at any point in time the secondary current and/or voltage fall outside the established range then SRP will be required to take corrective action. This corrective action will not constitute an excursion or deviation, and no reporting will be required.

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Startup and Shutdown Conditions for the ESPs for Units 1 and 2

ADEQ commits to revising Condition II.C.2.a and b, Startup and Shutdown conditions for the ESP, including the definition of completion of Startup. Since these are New Source Performance Standard (NSPS) units the NSPS definition for startup and shutdown will be used instead of the definitions that were in the previous Title V permit.

September 7, 2005 Comments

1. Permit Condition II.B.5. – For (b), (c), and (d), remove cites of 40 CFR 60.11(d). These terms are not defined in 40 CFR 60.11(d). For (c) and (d), it appears that the definitions are from A.A.C. R18-2-101.

ADEQ commits to removing the reference to 40 CFR 60.11(d) and replace the reference with 40 CFR 60.2. These are the definitions for “Startup”, “Shutdown”, and Malfunction” in accordance with the New Source Performance Standards.

2. Permit Condition II.C.4. – Method 17 is OK only if temperature at sampling location is less than or equal to 320 deg. F. (See 40 CFR 60.46(d).)

ADEQ commits to an extra condition in the permit (Condition II.C.5) which specifically states the temperature requirements in accordance with 40 CFR 60.46(d)(2).

3. Permit Condition II.D.2. – Add the phrase “...and shall, to the extent practicable, maintain and operate the Riley Stoker turbo fired boilers in a manner consistent with good air pollution control practices for minimizing emissions. (See 60.11(d).)

ADEQ commits to adding the language “in a manner consistent with good air pollution control practices for minimizing emissions” to condition II.D.2 in accordance with 40 CFR 60.11(d).

4. Permit Condition III.B.4.

- a. The permit condition only requires recordkeeping. The permit should require reporting too, since compliance with the 10% capacity factor (CF) requirement is what keeps the source out of MACT and ensures that the source stays below the PM limit. The permit should require the source to make a statement on the semi-annual compliance certification even when the source is in compliance. The source would make a statement that the CF was at or below 10% at all times that the boiler was in operation.

It has been agreed upon by ADEQ and EPA that Condition I.B of Attachment “B”, which requires the Permittee to submit reports of all monitoring activities during the six month compliance term, sufficiently meets the concerns expressed above.

- b. The permit condition requires recordkeeping of the capacity factor “at all times that the boiler is in operation.” It would be better to specify the frequency of recordkeeping. We suggest a condition that requires that the capacity factor be recalculated each time the heat input rate changes.

ADEQ commits to removing the language “at all times that the boiler is in operation”, and add conditions that will require the Permittee to maintain records of the daily fuel usage and calculate and record at the end of each calendar year the heat input of the auxiliary boiler in MMBtu/ day. In addition ADEQ commits to including the exact definition of “Annual Capacity Factor” from 40 CFR 63.7575.

- c. The TSD of the initial Title V permit stated that monitoring ash content would help to “ballpark” the PM emissions. If this is still the case, the permit should require reporting of the ash content of the fuel, at least upon first shipment of fuel oil during the time period of this permit and, thereafter, upon any change in the contractual agreement.

It has been agreed upon by ADEQ and EPA that Condition I.B of Attachment “B”, which requires the Permittee to submit reports of all monitoring activities during the six month compliance term, sufficiently meets the concerns expressed.

- d. The TSD of the initial Title V permit stated that the Permittee is required to notify the Director within 30 days of any change in the contractual agreement. We did not see this requirement in the proposed permit renewal. This requirement should be retained.

ADEQ commits to including the requirement of “notifying the Director within 30 days of any change in the contractual agreement,” into the permit.

- e. The initial Title V permit included a recordkeeping requirement for dates and hours of operation of the auxiliary boiler. We did not see this requirement in the proposed permit renewal. This requirement should be retained. This data would be useful for verifying that the source has kept complete records of the capacity factor (i.e., for all times that the auxiliary boiler is in operation). In addition, the TSD (see the table in section VI.B.) for the proposed permit renewal indicates that this condition was kept.

It has been agreed upon by ADEQ and EPA that the new monitoring, recordkeeping, and reporting requirements specific to the Annual Capacity Factor for the auxiliary boiler being less than or equal to 10%, including monitoring and recording daily fuel usage, will replace the original requirement which specified an hours limitation. Since the hours limitation will be removed it is not necessary to monitor the hours and dates of the auxiliary boiler.

5. Permit Condition III.C.2.b. – What was the reasoning behind the biweekly frequency for visible emissions monitoring? Since Method 9 opacity readings are required only after it appears that, based on visible emissions monitoring, the opacity limit might be exceeded, we feel that the visible emissions monitoring should be performed on a more frequent basis.

ADEQ commits to making the visible emissions monitoring frequency for opacity to be done on a weekly basis for all equipment/facilities in the permit, except for the Unit 1 and 2 boilers and fugitive sources.

6. Permit Condition IV.A. – No IC engines are listed in Attachment C.

ADEQ commits to including the Internal Combustion engines in the Equipment list of Attachment “C” of the permit.

September 14, 2005

7. Permit Condition V.C.2. – Why was the wording of this permit condition changed? Are there other baghouses besides Johnson March baghouses for coal handling? The proposed permit renewal indicates only 9 baghouses for the coal handling system. Were some removed? Were spray curtains removed as well?

It has been agreed upon by ADEQ and EPA that the wording in the original Title V permit was confusing and inconsistent with the permit application. No baghouses have been removed and the original Title V permit did not include spray curtains.

8. Permit Section V. – Is equipment in the “coal mixing system” included in this permit section? Please state this in the “applicability” section of the permit.

ADEQ commits to changing the applicability statement in condition V.A to include the “coal mixing system” as specified in the equipment list of Attachment “C”.

9. When will serial numbers be inserted in Attachment C in place of “TBD”?

ADEQ commits to getting the appropriate serial numbers/equipment identification number or any other form of identification for all the equipment listed in the Equipment List of Attachment “C” of the Permit.

10. Permit Conditions V.B.2.a. & VI.B.2.a. & VII.B.2.a. - Why are opacity monitoring requirements relaxed to bi-weekly? Used to be weekly.

See Comment #5 of the September 7, 2005 Comments.

11. Permit Condition VI.C.2.a. – Was one baghouse removed?

It has been agreed upon by ADEQ and EPA that the wording in the original Title V permit was confusing and inconsistent with the permit application. No baghouses have been removed.

12. Permit Condition VII.C.2. – According to Attachment C, “Johnson March” should be replaced with “Scientific.”

ADEQ commits to changing the wording of Condition VII.C.2 by replacing “Johnson March” to “Scientific”.

13. Permit Condition VIII.B.2.a. – Again, we question the frequency of biweekly visual survey of visual emissions. We believe visible emissions monitoring should be conducted on a more frequent basis.

See Comment #5 of the September 7, 2005 Comments.

14. Permit Condition IX.B.

- a. The amount of used oil that the source uses is important in determining emission levels from all of the boilers. Therefore, the permit should include a semi-annual reporting requirement for the amount of used oil burned in each boiler.
- b. Permit Condition IX.B.2. – The permit condition should also specify that the amount of used oil burned should be documented for each boiler.

September 14, 2005

ADEQ commits to adding to Condition IX.B.2 that the Permittee is required to record the amount of used oil burned in each boiler. It is also agreed upon by ADEQ and EPA that Condition I.B of Attachment "B", which requires the Permittee to submit reports of all monitoring activities during the six month compliance term, sufficiently meets the concerns of semi-annual reporting.

September 13, 2005 Comments

1. Permit shields

- a. Permit Condition II.B.7. – Based on our September 7 comments, ADEQ agreed to remove cites of 40 CFR 60.11(d) from Permit Condition II.B.5. Since no other permit conditions in section II.B. of the permit relate to 40 CFR 60.11(d) requirements, 40 CFR 60.11(d) should be removed from this permit shield.

ADEQ commits to removing all administrative rule references in the permit shield. This includes all 40 CFR 60 Subpart A conditions.

- b. Permit Condition II.C.5.

- (1) 40 CFR 60.11(e)(1) should be removed from this permit shield because only one sentence of this paragraph is contained in Permit Condition II.C.1.a. Therefore, the source should not be shielded from the entirety of 40 CFR 60.11(e)(1).

ADEQ commits to removing all administrative rule references in the permit shield. This includes all 40 CFR 60 Subpart A conditions.

- (2) 40 CFR 64.6 should be removed from the permit shield since the source will need to revise their CAM plan. Similarly, 40 CFR 64.3 and 64.4 should be removed from the permit shield because the revised CAM plan needs to meet the requirements contained in these sections. However, these CFR sections can remain in the permit shield if one of the following is met:

- The source submits to ADEQ, before issuance of the final permit, a revised CAM plan which complies with requirements of 64.3 and 64.4, or
- If the source will not be able to revise their CAM plan prior to issuance of the final permit, ADEQ includes a compliance schedule in the permit for resubmittal of the CAM plan, per 40 CFR 64.6(e)(2).

ADEQ commits to keeping 40 CFR 64.3, 64.4 and 64.6 in the permit, as the company will submit a revised CAM plan prior to issuance of the permit.

3. Permit Section IV. – The footnote to Table 6 in the TSD mentions an assumed limit of 500 hours of operation for the emergency generator. We thought it was ADEQ's practice to include in permits the 500-hour limit for emergency generators. We do not see such a permit condition.

ADEQ commits to adding a condition in the permit limiting the emergency generators to operating no more than 500 hours per year. ADEQ will also add a condition requiring the monitoring and recordkeeping of hours of operation. This will be reflected in the Technical Support Document.

5. TSD

- a. Section VI.B. – The table is not entirely accurate. For example, some of the auxiliary boiler opacity monitoring conditions were changed or deleted. This table should be double-checked.

ADEQ commits to double checking the table that is referenced above and making sure that it is accurate and consistent with the permit.

- b. Section VII.C.3. – The second sentence is not entirely accurate. The TSD seems to say that both records of daily sulfur content and lower heating value *and* a copy of the fuel supplier certification are required. The permit condition says that the requirement to maintain records of daily sulfur content and lower heating value may be accomplished by maintaining on record a copy of the fuel supplier certifications.

ADEQ commits to double checking the section that is referenced above and making sure that it is accurate and consistent with the permit.

- c. Section VII.D. – There seems to be a paragraph missing for PM for the coal handling facility.

ADEQ commits to double checking the section that is referenced above and making sure that it is accurate and consistent with the permit.

- d. Section X.A.

- (1) The second sentence of the paragraph is a bit confusing. Perhaps it would be clearer if the word “emissions unit” is inserted in parentheses after the first part of the sentence “A stationary source....” Alternatively, replace this phrase “stationary source” with “ ‘affected source’ ” (place quotation marks around this phrase in the TSD).

ADEQ commits to replacing the phrase “stationary source” with “affected facility”.

- (2) Please include years of installation for the emergency pump and fire booster pump as well.

ADEQ commits to including the years of installation for the emergency pumps and fire boosters Section X.A of the Technical Support Document.

- e. Section X.B. – The last sentence of the paragraph should be reworded. This sentence seems to indicate that applicability depends on the total rated capacity of the facility. Instead, the reasoning is really that each unit is greater than 25 MW, and therefore, each unit is exempt from the MACT Subpart DDDDD, per 40 CFR 63.7491.C.

ADEQ commits to double checking the section that is referenced above and making sure that it is accurate and consistent with the permit.

September 14, 2005 Comments

- Please revise Permit Condition I.E. to state that if any emissions are observed during visible emissions observations, a Method 9 reading will be conducted.

ADEQ commits to revising the permit to require an EPA Reference Method 9 observation if any visible emissions are observed during a visual survey of the baghouses.

Typographical Errors

EPA identified a series of apparent typographical errors

ADEQ commits to reviewing the identified typographical errors, and commits to making the appropriate changes.

ADEQ recognizes that pursuant to 40 CFR 70.7(g), EPA has the authority to reopen this permit for cause, should it be demonstrated that the final permit does not provide reasonable assurance of compliance with the requirements contained in the permit. ADEQ trusts that the commitments contained in this letter, along with its efforts to work with EPA to resolve these outstanding issues to the satisfaction of both Agencies should alleviate the need to exercise this authority as it relates to these matters.

Thank you for your consideration in the process, and should you have any questions or concerns, please contact Eric Massey, at (602)771-2288 or me at (602)771-2308.

Sincerely,



Nancy C. Wrona, Director
Air Quality Division

NCW:mbh

cc: Eric Massey, Air Quality Permits Section
Gerardo Rios, EPA Region IX