

**SUMMARY OF COMMENT RECEIVED ON DRAFT AIR PERMIT FOR
HAWAIIAN ELECTRIC COMPANY, INC.
KAHE GENERATING STATION
LOCATED AT: 89-900 FARRINGTON HIGHWAY, WAIANAE, OAHU**

I. OVERVIEW

Pursuant to Hawaii Administrative Rules (HAR), Chapter 11-60.1, a thirty-day (30-day) public comment period was afforded during the Environmental Protection Agency (EPA) review period to consider the renewal and modification of Covered Source Permit (CSP) No. 0240-01-C. The public comment period was from November 21, 2012 to December 21, 2012 and the EPA review period was from November 13, 2012 to December 27, 2012. The purpose of the public comment period and EPA review period was to receive comments on the draft permit to be issued under CSP renewal application 0240-04 and application for modification 0240-05. Approval and issuance of the air permit will allow Hawaiian Electric Company, Inc. (hereinafter referred to as "HECO") to operate a generating station with six (6) boilers and two (2) black start diesel engine generators.

The Department of Health (hereinafter referred to as the "Department") received a comment on the draft air permit by HECO at the end of the public comment period on December 21, 2012. As indicated in the comment, HECO is in accord with the condition of the alternate operating scenario that the combustion of alternate fuels must not trigger review pursuant to Prevention of Significant Deterioration (PSD) program regulations, or requirements pursuant to New Source Performance Standards (NSPS), or National Emission Standards for Hazardous Air Pollutants (NESHAP) that would not otherwise apply. HECO's comment on alternate fuel use and the Department's response are addressed in Section II, Comment and Response.

II. COMMENT AND RESPONSE

Comment:

HECO's concern is that a parenthetical in the associated monitoring and record-keeping requirements is vague, potentially inconsistent with this understanding, and susceptible to misinterpretation. According to Special Condition E.9 of Attachment IIA of the draft permit, the request must include:

- iv. Documentation that burning the alternate fuel is not a major modification subject to PSD review (e.g., an actual-to-potential applicability test; an actual-to-projected-actual applicability test; *or if not a physical change such as that specified in 40 CFR §52.21(b)(2)(iii)(e)(1), documentation that the boiler was physically in existence before January 6, 1975, the alternate fuel was part of the original unit's design, the unit has had the continuous ability to burn such fuel, and the unit was capable of accommodating the use of the alternate fuel without making changes to the unit or the installation; etc.*)
- v. Documentation that burning the alternate fuel will not cause a modification that would require compliance with the requirements from an NSPS or NESHAP (e.g., *documentation that the boiler was physically in existence before the applicable regulation, the alternate fuel was part of the original unit's design, the unit has had the continuous ability to burn such fuel, and the unit was capable of accommodating the use of the alternate fuel without making changes to the unit or the installation*)

(Emphasis added). HECO's concerns with the italicized language are three-fold. First, the basis for, and hence the meaning of, the italicized language is unclear; it tracks neither 40 CFR §52.21(b)(iii)(e)(1) nor 40 CFR 60.14(e)(4). Second, it suggests an overly narrow interpretation of the AOS itself. The permit describes the documentation required with such specificity that it looks less like an example or illustration, and more like a limitation or requirement. It presumes that HECO will (or must) rely on regulatory exclusions in 40 CFR §52.21 (b)(iii)(e)(1) and 40 CFR §60.14(e)(4). Moreover, it presumes to prescribe the specific documentation necessary to establish that those regulatory exclusions apply. HECO respectively submits that the basis for its request to use alternate fuels, and documentation DOH will require to approve the request, should not be so specifically predetermined in the permit. Instead, it must be based on the circumstances surrounding the request and the regulations that apply. Finally, given that HECO must obtain DOH's written approval before burning alternate fuels, there is little, if any, benefit to prescribing in detail, in advance, and in the covered source permit, the documentation that DOH will require. For the reasons set forth above, HECO requests the following revisions to Attachment IIA (proposed additions are underlined and proposed deletions are struck through):

C.6: Boilers K-1 through K-6 Alternate Operating Scenarios

- a. Upon receiving written approval from the Department of Health, the permittee may fire Boilers K-1 through K-6 on an alternate fuel (~~e.g. including~~, but not limited to, biofuel) if burning the fuel does not require PSD review, or compliance with NSPS or NESHAP requirements that would not otherwise apply from an NSPS or NESHAP, or compliance with a requirement that is different from those specified in this permit. Requests for burning an alternate fuel shall be in accordance with Attachment IIA, Special Condition No. E.9.a.

E.9: Boilers K-1 through K-6 Alternate Operating Scenarios

- iv. Documentation that burning the alternate fuel will not constitute a major modification subject to PSD review (~~e.g. for example~~, an actual-to-potential applicability test; and actual-to-projected actual applicability test; or documentation establishing that burning the alternate fuel would not involve a physical change or change in the method of operation); ~~or if not a physical change, such as that specified in 40 CFR §52.21 (b)(2)(iii)(e)(1), documentation that the boiler was physically in existence before January 6, 1975, the alternate fuel was part of the original unit's design, the unit was capable of accommodating the use of the alternate fuel without making changes to the unit or the installation, etc.)~~
- v. Documentation that burning the alternate fuel will not ~~cause~~ constitute a modification that would require compliance with NSPS or NESHAP requirements that would not otherwise apply; ~~from an NSPS or NESHAP (e.g., documentation that the boiler was physically in existence before the applicable regulation, the alternate fuel was part of the original unit's design, the unit has had the continuous ability to burn such fuel, and the unit was capable of accommodating the use of the alternate fuel without making changes to the unit or the installation) and~~

Response:

The Department has reviewed HECO's comment and agrees that the wording in parentheses identified in Attachment IIA, Special Condition No. E.9 is vague and could be misinterpreted. The Department is also aware that there are many possible scenarios involved with rule

(PSD, NSPS, NESHAP) applicability determinations when requesting use of an of an alternate fuel. The wording highlighted by HECO is for providing the necessary documentation to approve use of an alternate fuel in the event a rule is excluded if it's claimed the source was capable of accommodating the alternate fuel prior to the rule's effective date. This is anticipated to be a common scenario encountered when reviewing HECO's requests to burn alternate fuels. Therefore, Special Condition No. E.9 was changed to require specific documentation, as a minimum, if claiming the source was capable of accommodating an alternate fuel prior to a rule's effective date. This ensures the Department's requests for additional information outside the permit are minimized for requests to burn alternate fuels. Pursuant to HECO's comment, Attachment IIA, Special Condition Nos. C.6 and E.9 of the draft permit were changed as follows (note that deletions are shown as strikethroughs and underlined items are added):

C.6: Boilers K-1 through K-6 Alternate Operating Scenarios

- a. Upon receiving written approval from the Department of Health, the permittee may fire Boilers K-1 through K-6 on an alternate fuel (~~e.g. including~~, but not limited to, biofuel) if burning the fuel does not require PSD review, or compliance with NSPS or NESHAP requirements that would not otherwise apply from an NSPS or NESHAP, or compliance with a requirement that is different from those specified in this permit. Requests for burning an alternate fuel shall be in accordance with Attachment IIA, Special Condition No. E.9.a.

E.9: Boilers K-1 through K-6 Alternate Operating Scenarios

- iv. Documentation that burning the alternate fuel ~~is~~ will not constitute a major modification subject to PSD review (e.g., an actual-to-potential applicability test; an actual-to-projected actual applicability test; or documentation establishing that burning the alternate fuel would not involve a physical change or change in the method of operation); ~~or if not a physical change, such as that specified in 40 CFR §52.21 (b)(2)(iii)(e)(1), documentation that the boiler was physically in existence before January 6, 1975, the alternate fuel was part of the original unit's design, the unit was capable of accommodating the use of the alternate fuel without making changes to the unit or the installation, etc.)~~
- v. Documentation that burning the alternate fuel will not ~~cause~~ constitute a modification that would require compliance with ~~requirements from an NSPS or NESHAP requirements that would not otherwise apply~~ (~~e.g., documentation that the boiler was physically in existence before the applicable regulation, the alternate fuel was part of the original unit's design, the unit has had the continuous ability to burn such fuel, and the unit was capable of accommodating the use of the alternate fuel without making changes to the unit or the indtillation~~);
- vi. Documentation that burning the alternate fuel will not require compliance with an applicable requirement that is different from those specified in this permit; and
- vii. If claiming the fuel switch does not constitute a modification because the boiler was capable of accommodating the alternate fuel prior to a rule's effective date (e.g., before January 6, 1975 for the PSD rules), the permittee shall provide, at a minimum, documentation that:
 - (1) The boiler was physically in existence before the rule's effective date;
 - (2) The alternate fuel was part of the original unit's design;
 - (3) The boiler has had the continuous ability to burn such fuel; and
 - (4) The boiler was capable of accommodating the use of the alternate fuel without making changes to the unit or the instillation.