

DOCKETED

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Project Title:	Compliance - Application for Certification for the (ACE) Argus Cogeneration Expansion AFC
TN #:	219971
Document Title:	ACE Ash Landfill Separation Amendment
Description:	Questions and Responses 6-13-07
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ACE ASH LANDFILL SEPARATION AMENDMENT (86-AFC-01C)
INFORMATIONAL MEETING - QUESTIONS AND RESPONSES
June 13, 2017

On June 13, 2017, Bob Therkelsen representing the ACE Cogeneration Company (ACC) met with staff of the California Energy Commission (CEC; see Attachment 1) to discuss the proposed amendment to separate the ACE ash landfill from the remainder of the Argus Cogeneration Expansion Project (ACE) and terminate the permit for the ash landfill. The purpose of the meeting was for the CEC staff to raise any initial questions and comments, and ACC to provide responses to the questions in the meeting or in a subsequent filing. The meeting was followed by a visit of the site on June 27, 2017 by Jon Hilliard and John Hope.

The following are CEC staff questions by topic and ACC's responses.

Air Quality

1. Earlier communication with ACC indicated that all air permits for the ACE project had been terminated. Conversations with the air district revealed that ACC has an open permit for an on-site diesel generator. Is there an on-site generator?

Response: Yes. The on-site generator is used 4 to 5 hours a week to provide electricity for lights and equipment in the administration building when weekly checks are performed and power the motor used to rotate the turbine-generator shaft. Rotating the shaft on a regular basis is necessary to keep it in line. The generator meets Tier 4 requirements and is permitted with the Mojave Air Quality Management District.

2. Was the new generator approved by the CEC?

Response: The portable diesel generator recently placed on site and approved by Mojave Air Quality Management District is a replacement generator. To respond to this question, ACC researched the presence and use of portable generators at the ACE site. According to Larry Trowsdale (previously Kerr-McGee's engineer responsible for permitting the ACE Project with the CEC and currently the ACE General Manager), the ACE project, given its remote location, was designed to have a portable generator to provide back-up power and black-start capability. The pad where the generator is located as well as the wiring harness used to connect the generator to the plant was installed when the power plant was built in 1990 (see Attachment 2). The original generator operated from 1990 to May 2012. Permit documentation from the Mojave AQMD describes the replacement of the original generator:

"May 16, 2012 Significant Permit Modification...diesel emergency generator, District permit E003369, replaced with new emergency

generator, District permit E011451.” (Mojave Air Quality Management District, Federal Operating Permit Number 50001051, March 29, 2016, page 3; Attachment 3)

A subsequent letter from Steve Halem, the environmental coordinator for the ACE Project, informed the Mojave AQMD that the portable replacement generator was installed:

“...the equipment authorized in Authority to Construct (ATC) E011451 (for an emergency generator) has been installed and is ready for inspection. By means of this letter, ACE requests that Permit to Operate (PTO) E003369 (for the previously permitted, antiquated emergency generator) be immediately cancelled.” (Letter, Steve Halem to Chris Anderson, July 12, 2012; Attachment 4)

The District’s list of equipment at the ACE Project in December 2015 (six months after the Energy Commission approved the Decommissioning Plan) indicates the replacement generator was still on-site:

“25. MDAQMD Permit #E011451 - Diesel IC Engine, emergency Generator” (Mojave Air Quality management District, Federal Operating Permit 50001051, Last Revision December 11, 2015, page I-7; Attachment 5)

In early 2016, ACC was relying on power back-fed from the SCE transmission system through the ACE switchyard to provide electricity to rotate the turbine-generator shaft and power the Administration Building. At that time, ACC sold the diesel generator. In October 2016, however, an equipment failure at the switchyard resulted in loss of power to the site forcing ACC to rent a PERP registered portable generator to provide power needed 4 to 5 hours a week. ACC also initiated discussions with SCE to obtain power through the distribution system. The distribution connection with SCE ultimately proved to be too complicated and costly. ACC then obtained a different PERP registered diesel generator from a different rental contractor. The Mojave AQMD did not permit the subsequent generator so ACC replace it with the Tier 4 diesel generator ACC currently located on site and permitted by the District.

Through out this process, ACC worked to ensure the turbine-generator shaft was appropriately maintained and worked with the Mojave AQMD to ensure any portable generator met all permit requirements. ACC did not intend to preclude the Commission from permitting the portable generator but rather considered the on site use of a portable generator consistent with past practice allowed by the Commission. Please let us know if you have any other questions or need additional documentation.

3. The amendment states that the decision on Decommissioning Plan did not establish any new conditions. That is not entirely correct since the decision on the decommissioning plan required preparation of a dust control plan. What is the status of that plan?

Response: Page 13 of the amendment does state that the Decommission Plan did not establish any new conditions but intended to focus solely on new conditions associated with the ash landfill. We apologize for any confusion.

The Commission decision on the Decommissioning Plan includes condition AQ-SC6 that states:

“The project owner shall ensure a decommissioning Dust Control Plan is prepared and submitted to the MDAQMD for information and to the CPM for approval.

*Verification: The project owner or their contractor shall submit the Dust Control Plan to the MDAQMD for information and the CPM for approval, at least 30 days prior to the commencement of demolition activities.”
(California Energy Commission, Order No. 15-0610-4 Order Approving a Petition to Decommission the ACE Cogeneration Expansion Project, June 15, 2015, page 3)*

The dust control plan has not been prepared or submitted since demolition of the ACE project has not been initiated.

Closure of the ash landfill as described in the separation amendment and approved by the Lahontan Regional Water Quality Control Board and San Bernardino County in association with their permits envisions only minimal if any creation of dirt.

4. The decommissioning plan envisioned disposal of the refractory material in the ash landfill. The amendment states that the material will now be disposed in an off-site landfill. How many trips will be required for disposal of that material?

Response: On page 2 of the amendment, ACC proposed that the refractory material will either be disposed in another permitted landfill or relocated with the boiler if it is sold and moved off-site. Two landfills in San Bernardino County have stated an ability and willingness to dispose of the material. The estimate amount of refractory material is less than 60 tons and will require no more than three truck trips to be hauled to the disposal site. In the Decommissioning Plan (page 4-7), ACC estimated there would be approximately 400 total truck trips to and from the site during decommissioning of the ACE project. The increased trip for disposal of the refractory material is considered minimal.

5. How will future uses of the ash landfill be permitted?

Response: ACC does not envision using the ash landfill but rather proposes to sell it potentially for a future industrial use. Any future owner will be responsible for obtaining any permits applicable to the new use including permits from the Mojave Air Quality Management District. As noted on page 16 of the Amendment, San Bernardino County is expected to be the lead agency on any new industrial project.

Socioeconomics

1. Please provide additional information on the workforce for the removal of “all the pumps, structures (sheds), and equipment associated with ash disposal operations”. How many workers would be required for the removal of the structures and equipment?

Response: Two people will be required to remove the above ground pipe and equipment used to slurry the ash into the disposal site and the wooden sheds that covered the equipment.

2. Where would the workers be commuting from and what tradespersons would be required?

Response: Both workers live in Trona. Their trades are heavy equipment operator and labourer.

3. What is the estimated length time for completion of the removal activities and when will they take place?

Response: Approximately three days will be required to complete the work. It was completed by June 16, 2017.

4. Was the removal these structures and equipment included in the 2014 decommissioning plan to close and cover the ash landfill site?

Response: Yes. The Decommissioning Plan intended to close the ash landfill.

5. Were these structures and equipment included in the 2014 agreement to sell the property occupied by the ash landfill to Sabco Inc.?

Response: No.

Cultural Resources

1. Will heavy equipment be used and significant ground disturbance occur at the ash landfill?

Response: ACC does not intend to do any significant ground disturbance at the ash landfill site. Prior to any future grading and ground disturbance for a new industrial use, the new site owner would need to obtain the necessary permits from San Bernardino County and other appropriate state and local agencies.

Soil and Water Resources

1. ACC described interactions with San Bernardino County and CalRecycle regarding their permit and approved restoration activities. Will ACC notify the CEC staff when that permit is rescinded?

Response: Yes. ACC has completed the restoration activities and has requested the County to terminate their permit. ACC will send the CEC staff that approval once it is received.

2. Clarification of the current status of cell #5.

ACC is concerned that language in the Amendment may be confusing regarding the current status of cell #5. Page 14 of the Amendment correctly states that cells #1 to 4 are closed and capped with soil at least 2-feet deep. Cell #5, however, is partially closed and lightly covered but has not been capped with soil at least 2-feet deep. We apologize for any confusion.

ATTACHMENT 1

ATTENDEES ACE ASH LANDFILL SEPARATION AMENDMENT MEETING June 13, 2017

CEC Staff

John Heiser: Project Manager
Nancy Fletcher: Air Quality
Ann Crisp: Biological Resources
Gabriel Roark: Cultural Resources
Christopher Dennis: Soil/Water Resources
Paul Marshall: Soil/Water Resources
Matt Layton: Engineering Office Manager
Gerry Bemis: Air Quality
Ellen LeFever: Land Use and Socioeconomics
Jared Babula: Staff Counsel
Steven Kerr
Mary Dias: Project Manager
Ed Brady
Gary Maurath: Geology/Paleontology

ACC

Bob Therkelsen

ATTACHMENT 2

ACE DIESEL GENERATOR AND CONNECTION (June 27, 2017)



ATTACHMENT 3

**Mojave Air Quality Management District
Federal Operating Permit Number 50001051, March 29, 2016 (pages 1, I-2, I-3)**

MOJAVE DESERT
AIR QUALITY MANAGEMENT DISTRICT

Federal Operating Permit Number: 50001051

For: ACE COGENERATION COMPANY

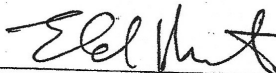
Facility: ACE COGENERATION COMPANY
12801 S. Mariposa Street
Trona, CA 93562

Re-Issued Pursuant to MDAQMD Regulation XII
Effective Date: March 29, 2016

•SEE TITLE V PAGE 2 FOR PERMIT REVISION SUMMARY•

This Federal Operating Permit Expires
March 29, 2021

Issued By: Eldon Heaston
Executive Director
Air Pollution Control Officer



14306 PARK AVENUE, VICTORVILLE, CALIFORNIA 92392
PHONE (760) 245-1661
FAX (760) 245-2022

see page 3

Other Changes to this Title V Permit Include:

Responsible Official changed; Facility "Site" Contact revised; removed outdated condition 7 from permit C005121; Cancelled District Permits E011451, and C010900.

January 25, 2013 Title V Renewal; by Samuel J Oktay, PE

Revisions made to incorporate EPA Comments including applicable requirements of 40 CFR 63 SUBPART UUUUU. District permits and appropriated sections of Title V Section III have been updated to include applicable 40 CFR 63 Subpart ZZZZ requirements. Part II (27) updated with current 1113 rule requirements; updated Part II to include Rule 1211 requirements, which is pending SIP submission; Mr. Steve Haleman Lead O&M Technician, replaces Mr. Steve Dobbs Operations Manager, as Facility Site Contact; page 11-21 incorporated hard compliance dates.

May 16, 2012 Significant Permit Modification described as follows; by Christian Anderson
Diesel emergency generator, District permit E003369, replaced with new emergency generator, District permit E011451. Updated FOP parts I (Equipment list) and III (added permit unit as part III (Z). Additional Administrative Changes; by Samuel J. Oktay: Changed Condition 2 on Permits C002121, C002126, C002127, C002387, C002641, and C003370; Pages affected III-30 through III-39; Rule 442 Citation Changes, Pages affected II-11 through II-12; Rule 1113 Citation Changes, Pages affected II-14 through II-15; added Rule SIP History Reference, Page VI-56 through VI-57. Added Mr. Tim Cotner as the Responsible Official instead of Stephen Gross who has been designated as Alternate Responsible Official; page I-4. Added Compliance Assurance Monitoring Plan (CAM) and calculations; pages VII-60 through VII-65.

March 28, 2011 Administrative Change

Updated facility contact, addition of applicable federal requirements, and clarification of recordkeeping elements - no change to emissions or existing limits.

December 16, 2010 Renewal of Title V Permit:

Update and renew Title V permit after concurrent 30 public notice and 45 day EPA review periods, effective reissue date November 16, 2010; delayed due to EPA Comments and results of EPA audit; see above for actual renewal date.

July 20, 2010 Administrative Change, adding a temporary carbon sequestration system as permit number C010900. This administrative change has been made pursuant to 40 CFR 70.7(d)(3)(i).

December 17, 2009 Administrative Change, add additional carbon monoxide limit to existing permit B002120 - no change to emissions or existing limits.

May 23, 2007 Administrative Change, update Responsible Official and facility contact.

November 16, 2005 Re-issuance, for new 5-year permit term.

February 6, 2003 Minor Permit Modification, Part I: added two baghouses to equipment description. Part III: revised existing conditions for steam generating boiler to reflect format changes and update allowed solid fuel list. Added conditions for new baghouses.

ATTACHMENT 4

Letter, Steve Haleman to Chris Anderson, July 12, 2012

July 12, 2012

Mr. Chris Anderson
Mojave Desert Air Quality Management District
14306 Park Avenue
Victorville CA 93562

Subject: ACE Cogeneration

Dear Chris:

Please be advised that the equipment authorized in Authority to Construct (ATC) E011451 (for an emergency generator) has been installed and is ready for inspection. By means of this letter, ACE requests that Permit to Operate (PTO) E003369 (for the previously permitted, antiquated emergency generator) be immediately cancelled. ACE also requests that ATC E011451 be converted to a PTO.

Should you have any questions on this matter please contact Dr. Ted Guth at 619 987 1111.

ACE appreciates the District's continued guidance.

Sincerely,

Steve Haleman

sth/
File 1010-1

(2)

ATTACHMENT 5

**Mojave Air Quality management District, Federal Operating Permit 50001051
Last Revision December 11, 2015, pages I-6 and I-7**

Permit List

MDAQMD Federal Operating Permit 50001051
Ace Cogeneration Company; Last Revision: 12-11-15

B. EQUIPMENT DESCRIPTION:

1. MDAQMD permit # B002120 - BOILER, STEAM GENERATING
2. MDAQMD Permit # B002122 - COOLING TOWER
3. MDAQMD Permit # B002128 - LIMESTONE HANDLING SYSTEM
4. MDAQMD Permit # B002131 - ASH HANDLING SYSTEM
5. MDAQMD Permit # B003255 - SOLID FUEL RECLAIM SYSTEM
6. MDAQMD Permit # B005120 - SOLID FUEL HANDLING SYSTEM
7. MDAQMD Permit # C002121 - BAGHOUSE (STEAM GENERATION BOILER)
8. MDAQMD Permit # C002126 - BAGHOUSE (JUNCTION HOUSE 14-SOLID FUEL RECLAIM SYSTEM (B003255))
9. MDAQMD Permit # C002127 - BAGHOUSE (SOLID FUEL SILOS AND RECLAIM SYSTEM)
10. MDAQMD Permit # C002129 - BAGHOUSE (LIMESTONE TRUCK UNLOADING AND CRUSHING-LIMESTONE HANDLING SYSTEM (B002128))
11. MDAQMD Permit # C002387 - BAGHOUSE & CYCLONE
12. MDAQMD Permit # C002641 - BAGHOUSE
13. ~~INACTIVATED: MDAQMD Permit # C003299 - BAGHOUSE~~
14. ~~INACTIVATED: MDAQMD Permit # C003300 - BAGHOUSE~~
15. ~~INACTIVATED: MDAQMD Permit # C003301 - BAGHOUSE~~
16. MDAQMD Permit # C003370 - BAGHOUSE AND CYCLONE (FLY ASH HANDLING)
17. MDAQMD Permit # C005121 - BAGHOUSE (TRUCK DUMP)
18. MDAQMD Permit # C007862 - BAGHOUSE (STORAGE BIN)
19. MDAQMD Permit # C007863 - BAGHOUSE (SILO DISCHARGE CONVEYOR)
20. MDAQMD Permit # C008206 - BAGHOUSE (TRUCK DUMP)
21. MDAQMD Permit # C008207 - BAGHOUSE

See page 2
for emergency
gen

22. ~~INACTIVATED: MDAQMD Permit # C010900 - CARBON SEQUESTRATION SYSTEM, TEMPORARY~~
23. MDAQMD Permit # E003368 - DIESEL IC ENGINE, EMERGENCY FIRE PUMP
24. ~~INACTIVATED: MDAQMD Permit # E003369 - DIESEL IC ENGINE, EMERGENCY GENERATOR~~
25. MDAQMD Permit # E011451 - DIESEL IC ENGINE, EMERGENCY GENERATOR
26. MDAQMD Permit # T007861 - STORAGE BIN, SOLID FUEL