

DOCKETED

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Project Title:	Compliance - Application for Certification for Midway-Sunset Cogeneration Project
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CALIFORNIA ENERGY COMMISSION

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Sacramento, California 95814

Main website: www.energy.ca.gov
CEC-57 (Revised 1/19)



NOTICE OF RECEIPT/AGREEMENT
STAFF/PROJECT OWNER JOINTLY INITIATED AMENDMENT TO
COMMISSION DECISION FOR THE
MIDWAY-SUNSET COGENERATION PROJECT (85-AFC-03C)

On December 17, 2020, Midway-Sunset Cogeneration Company (MSCC) filed a petition for a jointly initiated amendment (TN# 236001) to the California Energy Commission (CEC) Decision for the Midway Sunset Cogeneration project (project). The project is a 225-megawatt cogeneration facility that was certified by the CEC on May 14, 1987 and began commercial operation on May 1, 1989. The project produces steam to aid in an enhanced oil recovery process, and is located in Fellows, Kern County, California.

SUMMARY OF PROPOSED CHANGES

Staff and the project owner propose removal of Conditions of Certification **AQ-15**, **EFF-1**, and **EFF-2** in the Commission Decision to eliminate restrictions on the project's ability to supply electric power during high demand peak loads on the California electric grid when there is no steam demand by steam hosts. Removing the requirements that the project be a cogeneration facility, allows the project to continue supporting the grid as a peaking facility supplying power during times when it is most critically needed.

REVIEW PROCESS, JOINTLY INITIATED AMENDMENT

In accordance with Title 20, California Code of Regulations, section 1769.1(a), 'Staff and a project owner may jointly initiate an amendment to a final decision adopted under this chapter...to modify a condition that is moot, impossible, or otherwise unnecessary to avoid potentially significant effects and remain in compliance with all applicable laws, ordinances, regulations, and standards. '

The review process includes an evaluation to determine whether the proposed change would result in a significant effect on the environment or cause the project to not comply with applicable laws, ordinances, regulations, and standards (LORS.)

STAFF EVALUATION

Staff reviewed the December 17, 2020 petition, and the May 1987 Final Commission Decision, as amended. Staff concludes that the removal of **AQ-15**, **EFF-1**, and **EFF-2** would meet the requirements of section 1769.1(a), and would not result in a significant impact on the environment or cause the project to not comply with applicable LORS.

Condition of Certification **AQ-15** for the project reads as follows:

AQ-15 The Midway-Sunset project facility shall operate as a cogeneration facility pursuant to Public Resources Code Section 25134 for thermally enhanced oil recovery operations unless prior SJVUAPCD and Energy Commission approval is granted to operate otherwise.

Verification: The project owner shall maintain records on steam production as a portion of the operational log required in Requirement **AQ-6**. The record shall include, but is not limited-to, hours of operation of the turbines and HRSGs, pounds per hour of steam produced, and temperature and pressure of steam produced.

Conditions of Certification **EFF-1** and **EFF-2** for the project read as follows:

EFF-1 Over the lifetime of the project, Midway Sunset Cogeneration Company (MSCC) shall operate the facility as a cogeneration system as proposed in the Application for Certification (AFC) and certified by this Commission (i.e., operate in accordance with the definition of cogeneration contained in PRC Sections 25134(a) and (b); 18 CFR 292.205(a)(1) and (a)(2)(i)(B); 10 CFR 500.2.

Verification: SCC/SSEC shall file with the California Energy Commission (CEC), during each calendar year, an annual report in which monthly average values of the following plant operating parameters will be given:

- a. Monthly fuel use (includes quantity and Btu value) as evidenced by an invoice from the gas supplier.
- b. Monthly electrical sales (includes kWh) as evidenced by invoices to Southern California Edison or other purchasers.
- c. Monthly steam sales (includes quantity and Btu value) as evidenced by an invoice to Oryx Energy Company and other steam purchasers.
- d. Monthly rate (lbs/month and heat content in Btu/lb) of feedwater to the three HRSGs.

EFF-2 No change in the plant baseline design, physical configuration or mode of operation, for example, simple cycle versus cogeneration cycle operation, shall be made without CEC concurrence, if those changes could result in operating characteristics which could not or would not comply with the operational requirements identified in Condition 1.

Verification: SCC/SSEC shall petition the CEC for approval of any changes to design or operating characteristics as discussed above. Any petition shall be filed in accordance with procedures identified in Appendix C, Compliance Plan General Provisions, Amendments to the Decision.

Both Conditions of Certification **AQ-15** and **EFF-1** require the project to operate as a cogeneration unit. Cogeneration steam demand has greatly reduced since this project was licensed and MSCP has been unable to obtain a steam sales contract necessary to produce steam as a cogeneration facility. Without the ability to operate as a cogeneration facility, the project cannot operate. Removal of AQ-15 would not increase the project's emission limits, quantity of emissions, or impact other air quality conditions of certification. Condition of Certification **EFF-2** references compliance with the operational requirements identified in Condition of Certification **EFF-1**. The removal of Conditions of Certification **EFF-1** and **EFF-2**, would remove the requirement that the project be a cogeneration facility in accordance with the definition of "cogeneration" contained in PRC Sections 25134(a) and (b); 18 CFR 292.205(a)(1) and (a)(2)(i)(B); 10 CFR 500.2, and would allow the project to support the California power grid as a peaking facility, supplying power during times when it is most critically needed. At the time of licensing, this facility benefitted as a "qualified facility" for a must-run contract because it was supplying steam to a qualified host. As the "qualified facility" program no longer exists, and the facility can no longer be a "qualified facility" to obtain a must-run contract, the need for producing steam to "qualify" no longer exists, and the original need for including Conditions of Certification **AQ-15**, **EFF-1**, and **EFF-2** in the final decision has also ceased.

Therefore, staff concludes that the deletion of Conditions of Certification **AQ-15**, **EFF-1**, and **EFF-2** would not result in a significant impact on the environment or cause the project to not comply with applicable LORS.

Staff herein has completed its independent review and analysis of this jointly initiated amendment, which along with the petition itself, shall serve as staff's assessment for public review and comment. Staff intends to schedule the proposed jointly initiated amendment to be heard for consideration by the CEC at its March 17, 2021 Business Meeting.

PUBLIC PARTICIPATION

This Notice of Receipt and Agreement has been mailed to the facility's mail list of interested parties and property owners adjacent to the facility site.

The petition requesting the project change has been docketed and is available on [the CEC's webpage for this facility](https://www2.energy.ca.gov/sitingcases/pre1999_page/index.php?xkm=ajdkha2385duhkasd264dsasjd5598fhajkhs) at:

https://www2.energy.ca.gov/sitingcases/pre1999_page/index.php?xkm=ajdkha2385duhkasd264dsasjd5598fhajkhs

Any person may comment or file an objection. To use the CEC's electronic commenting feature, go to the CEC's webpage for this facility, cited above, click on the "[Submit e-](#)

[Comment](#) link, and follow the instructions in the on-line form. Be sure to include the facility name in your comments.

Written comments may also be mailed or hand-delivered to:

California Energy Commission
Docket Unit, MS-4
Docket No. 09-AFC-06C
1516 Ninth Street
Sacramento, CA 95814-5512

All comments and materials filed with the Docket Unit will be added to the facility Docket Log and become publicly accessible on the CEC's webpage for the facility. To receive future filings related to this project, go to the CEC's webpage for this facility, cited above, scroll down the right side of the project's webpage to the box labeled "Subscribe," and provide the requested contact information.

If you have questions about this notice, please contact Mary Dyas, Compliance Project Manager, at (916) 628-5418, or via e-mail at mary.dyas@energy.ca.gov.

For information on public participation, please contact the Public Advisor, Noemí O. Gallardo, at (916) 654-4489 or (800) 822-6228 (toll-free in California) or send your e-mail to publicadvisor@energy.ca.gov.

News media inquiries should be directed to the Media Office at (916) 654-4989, or by e-mail to mediaoffice@energy.ca.gov.

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MIDWAY SUNSET COGENERATION PROJECT (85-AFC-03C)

ANALYSIS OF JOINT PETITION TO AMEND DELETION OF CONDITIONS OF CERTIFICATION

Midway Sunset Cogeneration Company (MSCC) operates a cogeneration facility containing three combustion turbine generators, Unit A, Unit B and Unit C. On December 17, 2020, MSCC filed a petition to amend to remove requirements for MSCC to be a cogeneration facility (MSCC 2020a).

AIR QUALITY

In 2014, the California Energy Commission (CEC) approved the upgrade of Units A and B from DLN9 to DLN1+Turndown Enhance combustion systems. The upgrade allows Units A and B to operate as cogeneration units or as peaking units. The upgrade allows the units to bypass the heat recovery steam generator (HRSG) and operate without the use of selective catalytic reduction (SCR) and still meet the permitted 5 parts per million (ppm) of nitrogen oxides (NOx) emission limit when operated as peaking units (CEC 2014).

Unit C remained as a base loaded cogeneration unit. Unit C has not undergone the same upgrade that Units A and B experienced. In order to operate Unit C as a peaking unit similar upgrades need to be made to meet the district's 5 ppm NOx emission limit or the project needs to receive a variance from the 5 ppm NOx emission limit from the air district (MSCC 2020b). Note that the 5 ppm NOx concentration emission limit is only included in the district's permit and is not included in the CEC's conditions of certification. The emission limits in the CEC's conditions of certification, which were used to perform the previous air quality impact analysis, would remain unchanged.

MSCC is requesting to remove Condition of Certification **AQ-15**, which requires MSCC to be a cogeneration facility. Removing this condition allows MSCC to continue supporting the grid as a peaking facility supplying power during times when it is most critical. The owner states that the removal of Condition of Certification **AQ-15** would not affect the emission limits, quantity of emissions, or other air quality conditions of certification. Staff analyzed the petition and agrees with the statement. Removal of Condition of Certification **AQ-15** would not have significant air quality impact. Staff recommends removal of Condition of Certification **AQ-15** as follows. ~~Strikethrough~~ indicates deleted language.

~~**AQ-15** The Midway Sunset project facility shall operate as a cogeneration facility pursuant to Public Resources Code Section 25134 for thermally enhanced oil recovery operations unless prior SJVUAPCD and Energy Commission approval is granted to operate otherwise.~~

~~**Verification:** The project owner shall maintain records on steam production as a portion of the operational log required in Requirement **AQ-6**. The record shall include, but is not limited to, hours of operation of the turbines and HRSGs, pounds per hour of steam produced, and temperature and pressure of steam produced.~~

References

CEC 2014 – California Energy Commission. Order Approving Petition to Upgrade Units A&B to DLN1+TE (TN 202346), Midway Sunset Cogen (85-AFC-03C), dated May 19, 2014.

MSCC 2020a – Midway Sunset Cogeneration Company. Remove Requirements for MSCC to be a Cogeneration Facility (TN 236001), Midway Sunset Cogen (85-AFC-03C), dated December 17, 2020.

MSCC 2020b – Midway Sunset Cogeneration Company. Midway Sunset Cogeneration E-mail AQ Info Request-Response for Clarification (TN 236588), dated December 29, 2020.

POWER PLANT EFFICIENCY

Condition of Certification **EFF-1** requires the project to operate as a cogeneration facility pursuant to Public Resources Code Section 25134. Condition of Certification **EFF-2** references compliance with the operational requirements identified in **EFF-1**. The project no longer has a demand to produce and supply steam, as a cogeneration facility. For this reason, in this petition, the project owner has requested the deletion of these conditions of certification.

The removal of Conditions of Certification **EFF-1** and **EFF-2**, removes the requirements that the project be a cogeneration facility in accordance with the definition of “cogeneration” contained in PRC Sections 25134(a) and (b); 18 CFR 292.205(a)(1) and (a)(2)(i)(B); 10 CFR 500.2, and would thus allow the project to continue supporting the power grid as a peaking facility, supplying power during times when it is most critical.

Staff recommends removal of Conditions of Certification **EFF-1** and **EFF-2** as follows. Strikethrough indicates deleted language.

~~**EFF-1** Over the lifetime of the project, Midway Sunset Cogeneration Company (MSCC) shall operate the facility as a cogeneration system as proposed in the Application for Certification (AFC) and certified by this Commission (i.e., operate in accordance with the definition of cogeneration contained in PRC Sections 25134(a) and (b); 18 CFR 292.205(a)(1) and (a)(2)(i)(B); 10 CFR 500.2.~~

~~**Verification:** SCC/SSEC shall file with the California Energy Commission (CEC), during each calendar year, an annual report in which monthly average values of the following plant operating parameters will be given:~~

- a. ~~Monthly fuel use (includes quantity and Btu value) as evidenced by an invoice from the gas supplier.~~
- b. ~~Monthly electrical sales (includes kWh) as evidenced by invoices to Southern California Edison or other purchasers.~~
- c. ~~Monthly steam sales (includes quantity and Btu value) as evidenced by an invoice to Oryx Energy Company and other steam purchasers.~~
- d. ~~Monthly rate (lbs/month and heat content in Btu/lb) of feedwater to the three HRSGs.~~

~~**EFF-2** No change in the plant baseline design, physical configuration or mode of operation, for example, simple cycle versus cogeneration cycle operation, shall be made without CEC concurrence, if those changes could result in operating characteristics which could not or would not comply with the operational requirements identified in Condition 1.~~

~~**Verification:** SCC/SSEC shall petition the CEC for approval of any changes to design or operating characteristics as discussed above. Any petition shall be filed in accordance with procedures identified in Appendix C, Compliance Plan General Provisions, Amendments to the Decision.~~