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<b>Project Title:</b>	Larkspur Energy Facility
<b>TN #:</b>	239581
<b>Document Title:</b>	Petition for Modification for the Conversion of Diesel Tanks to Water Storage
<b>Description:</b>	N/A
<b>Filer:</b>	Amanda Coeey
<b>Organization:</b>	Ellison Schneider Harris & Donlan LLP
<b>Submitter Role:</b>	Applicant Representative
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September 2, 2021

Mary Dyas  
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**RE: Wildflower Larkspur Energy Facility (01-EP-01C): Petition for Modification:  
Conversion of Diesel Tanks to Water Storage**

Dear Ms. Dyas:

On behalf of Diamond Generating Corporation (“Project Owner”), attached is a Petition for Modification (“Petition”) for the Wildflower Larkspur Energy Facility (“Larkspur”).

Sincerely,

  
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**Wildflower Larkspur Energy Facility  
(01-EP-01C)**

**Petition for Modification  
for the Conversion of Diesel Tanks to Water Storage**

Submitted by  
**Diamond Generating Corporation**



September 2, 2021

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# WILDFLOWER LARKSPUR ENERGY FACILITY

(01-EP-01C)

## PETITION FOR MODIFICATION

Pursuant to Section 1769 of the California Energy Commission's ("CEC") Siting Regulations, Diamond Generating Corporation ("Project Owner") hereby submits this *Petition for Modification for the Conversion of Diesel Tanks to Water Storage* (the "Petition") for the Wildflower Larkspur Energy Facility ("Larkspur" or "Project").

The Petition requests approval for the conversion of existing diesel tanks to water storage units. This Petition contains all of the information that is required pursuant to the CEC's Siting Regulations (California Code of Regulations [CCR] Title 20, Section 1769, Post Certification Amendments and Changes).

As set forth below, the proposed modifications will not have a significant effect on the environment and the Project will continue to comply with applicable laws, ordinances, regulations, and standards ("LORS").

### **I. Section 1769(a)(1)(A): Description of the proposed change, including new language for affected conditions of certification.**

The Project currently consists of one tank that can hold approximately 225,200 gallons of ultralow-CARB diesel fuel, with 120,000 gallons currently on site, hereinafter "Liquid Fuel." Larkspur has not operated using Liquid Fuel or conducted tests using the Liquid Fuel for over a decade. Considering the ongoing cost and maintenance burden to store the Liquid Fuel, and considering the lack of past gas curtailment events that would have triggered reliance on the Liquid Fuel, the Project Owner is seeking to repurpose the existing tanks on the Project site. The Project Owner plans to remove the Liquid Fuel from these tanks and instead use these tanks for water storage.

The water stored in these tanks will be used for operations at the Project site. The site has two LM6000 aeroderivative engines, and water is utilized for power production and auxiliary system operation. Water is used as SPRINT and NOx water through the combustion process, which both augments the power and controls the emissions. Water is also used in the cooling water system, and this system is used to cool all the equipment necessary to run the units. The tank would be cleaned and prepared for water storage. Existing fuel piping would be cleaned, decommissioned, and properly abandoned in place. The repurposed tank would be tied into the existing water piping system for use.

The Project Owner is in the process of renewing its San Diego Air Pollution Control District ("Air District") Title V Air Permit. It has been submitted and is under district review. It is in the context of reviewing Project operations for the air permit renewal that Larkspur concluded the ongoing storage and maintenance of the Liquid Fuel is unnecessary. The supply of natural gas fuel to the facility has been reliable with no history of curtailments, and the Project Owner has concluded that there is similarly little likelihood of future natural gas curtailments. Additionally, the cost to maintain the Liquid Fuel operating system is high, and such ongoing costs are difficult to recover in the current market for capacity from fast-

ramping peaker facilities such as Larkspur. For these reasons, the Project Owner is requesting that the Air District approve a request to remove the Liquid Fuel conditions of the Title V Air Permit in the upcoming permit renewal.

There are no changes needed to any of the conditions of certification in the CEC license for the Project to accommodate this modification. Certain discussions in the Project Description section of the Decision for Larkspur, however, will no longer provide an accurate reflection of the Project as the Project will no longer have a back-up supply of diesel fuel. In particular, page 2 of the Decision discusses the Project's ability to use diesel fuel during natural gas curtailments. We suggest the following changes to the Project's description:

~~**During periods of natural gas curtailment, the facility will operate on low sulfur diesel fuel oil.**~~ The facility will operate under an umbrella emissions cap of 50 tons per year for oxides of nitrogen (NOx) emissions with the flexibility to operate either turbine within the cap. The project will incorporate selective catalytic reduction (SCR) to reduce project emissions. NOx emissions, when operating with natural gas, are limited to 5 parts per million (ppm). ~~**NOx emissions using diesel fuel during natural gas curtailment periods are limited to 13 ppm.**~~

The facility will consume approximately 320 gallons of water per minute at peak use, supplied via an interconnection [sic] with the existing Otay Water District line adjacent to the project. Wastewater from the project will be discharged to the existing San Diego Metropolitan Wastewater District system sewer lines adjacent to the site. Hazardous materials required and stored onsite for the project are aqueous ammonia ~~and diesel fuel oil.~~

The proposed Project modification does not affect any conditions of certification of the Larkspur license.

## **II. Section 1769(a)(1)(B): Discussion of the necessity for the change and explanation of why the change should be permitted.**

Removing the Liquid Fuel storage from the Project is a sensible measure considering that the plant has not had to rely on the Liquid Fuel supply to accommodate a loss of natural gas availability in the last decade. There are multiple reasons supporting this Project modification.

For one, it is undisputed that use of diesel fuels result in a worse emissions profile than use of natural gas. As noted in the Larkspur decision, the NOx parts per million associated with the diesel fuel is more than double that of natural gas. The Project Owner is also hoping to make changes on site that improve the Project's emission profile with the Air District in the renewal of the air permit for the Project.

Another reason to remove the Liquid Fuel is that this will eliminate a hazardous and flammable liquid from the Project site, thereby improving site safety for Larkspur operators and first responders in an emergency event. Ongoing maintenance and safety measures to store such a large amount of Liquid Fuel is also burdensome and costly.

The Project Owner would further like to improve its on-site water storage. As drought and the cost of water present more risk to the Project, the ability to store additional water onsite is now more desirable than the need to keep unused and unwanted Liquid Fuel.

**III. Section 1769(a)(1)(C): A description of any new information or change in circumstances that necessitated the change.**

As discussed in the sections above, this modification is driven by the need for Larkspur to renew and update its Title V Air Permit. As the need to provide back-up fuel for the Project's natural gas supply has proven to be unjustified over time, the Project Owner seeks to remove the Liquid Fuel from the Project site.

**IV. Section 1769(a)(1)(D): An analysis of the effects that the proposed change to the project may have on the environment and proposed measures to mitigate any significant environmental effects.**

There is no possibility that the modification described herein will result in adverse environmental impacts. The tanks will not be removed, but will be cleaned and used for water storage. This is a minor modification to an existing facility, does not require any new ground disturbance within or outside of the Project site, does not alter the Project footprint, and does not alter the appearance of the facility. Furthermore, the modification will not impact existing levels of operational noise.

There are no significant air quality impacts associated with removal of the Liquid Fuel or with cleaning the existing tanks. The fuel currently stored on-site will be removed and resold for agricultural use. The tank will be cleaned down to bare metal to allow for safe water storage. Any cleaning waste will be profiled and then packaged, labeled, stored, transported, treated and disposed of in accordance with state and federal regulations.

**V. Section 1769(a)(1)(E): An analysis of how the proposed change would affect the project's compliance with applicable laws, ordinances, regulations, and standards.**

The proposed modifications will not impact the Project's ability to comply with all applicable LORS.

**VI. Section 1769(a)(1)(F): A discussion of how the proposed change would affect the public.**

The proposed modifications will not adversely affect the public. There will be no significant effects and the project will comply with applicable LORS. The facility components affected are all within the Project site.

Furthermore, as the Project has not relied upon the Liquid Fuel for operations in over a decade, and there are no resulting operational changes that affect the Project's reliability contributions to the State's electric grid. This modification will not result in any changes to Larkspur's generator resource operating parameters at the California Independent

System Operator or impact other contractual responsibilities the Project has to supply electricity and otherwise make its capacity available for dispatch by system operators. The proposed change will not affect the Project's response profile or ability to contribute firm capacity to the State's reliability needs.

**VII. Section 1769(a)(1)(G): A list of current assessor's parcel numbers and owners' names and addresses for all parcels within 500 feet of any affected project linears and 1,000 feet of the project site.**

Consistent with privacy considerations, a list of current assessor's parcel numbers and owners' names and addresses for all parcels within 500 feet of the project site will be provided directly to the Compliance Project Manager.

**VIII. Section 1769(a)(1)(H): A discussion of the potential effect of the proposed change on nearby property owners, residents, and the public.**

The proposed modifications will have no potentially significant environmental effects and will be in compliance with all applicable LORS. Therefore, the proposed modifications will have no adverse impacts on property owners, the public, or any parties to the application proceeding.

**IX. Section 1769(a)(1)(I): A discussion of any exemptions from the California Environmental Quality Act, commencing with section 21000 of the Public Resources Code, that the project owner believes may apply to approval of the proposed change.**

The proposed modifications are categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to Title 14 of the California Code of Regulations as activities that constitute a minor alteration of the existing Project that involves no expansion of an existing use. (14 CCR, Section 15301.)