

DOCKETED

Docket Number:	01-EP-07C
Project Title:	Hanford Energy Park Peaker Project Compliance
TN #:	203182
Document Title:	Staff's Analysis re GFW Energy's Petition Requesting Revocation of the Amended Final Decision
Description:	N/A
Filer:	Mary Dyas
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	10/9/2014 2:51:16 PM
Docketed Date:	10/9/2014

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov



DATE: October 9, 2014

TO: Interested Parties

FROM: Mary Dyas, Compliance Project Manager

**SUBJECT: HANFORD ENERGY PARK EMERGENCY PEAKER PROJECT (01-EP-7C)
PROPOSED REVOCATION OF 2010 COMBINED-CYCLE
CERTIFICATION AND EXTENSION OF OPERATIONAL
CERTIFICATION FOR ORIGINAL 2001 EMERGENCY PEAKER
PROJECT**

On March 24, 2014, GWF Energy, L.L.C. (GWF), filed a petition with the California Energy Commission (Energy Commission) requesting the revocation of the Amended Final Decision (2010 Amended Certification) for the GWF Hanford Combined-Cycle Power Project and the extension of the original certification for the Hanford Energy Park Emergency Peaker Project (Original 2001 Certification). Staff has prepared an analysis of this proposed change that can be reviewed on the Energy Commission website for this facility (see below).

On January 17, 2001, Governor Gray Davis proclaimed a State of Emergency due to constraints on electricity supplies in California. The Governor declared that all reasonable conservation, allocation, and service restriction measures would not alleviate an energy supply emergency. As a result, the Governor issued Executive Orders D-22-01, D-24-01, D-25-01, D-26-01, and D-28-01 to expedite the permitting of peaking and renewable power plants that were to be on line by September 30, 2001.

The governor also declared that these projects were emergency projects under Public Resources Code section 21080(b)(4) and were thereby exempt from the requirements of the California Environmental Quality Act (CEQA).

On April 9, 2001, the GWF Power Systems (GWF) filed an emergency permitting application for the GWF Hanford Energy Park Peaker Project (Hanford). GWF submitted supplemental application information on April 12. GWF's application was deemed complete on April 12, 2001. On April 26, 2001, GWF filed a supplement to the application to relocate the equipment for the Hanford project on their property, and to incorporate the natural gas and electric transmission lines approved by the Energy Commission on April 11, 2001 as part of the Hanford Energy Park Small Power Plant Exemption (SPPE). GWF also notified the Commission that, as a result of electric transmission constraints, they did not intend to pursue the previously approved SPPE project, Docket 00-SPPE-1. The Hanford Energy Park Emergency Peaker Project (HEPP) was certified by the Energy Commission as a simple-cycle,

electricity-generating, 95-megawatt emergency peaker facility in its Decision on April 26, 2001.

The HEPP was built consistent with the Commission Decision and began commercial operation as a simple-cycle generator on September 2, 2001. The facility is located on 5 acres of the 10-acre parcel owned by GWF in Kings Industrial Park on the southern border of the City of Hanford in Kings County.

An amendment to modify the HEPP to a combined-cycle, natural gas-fired, 120-megawatt facility was approved by the Energy Commission on March 24, 2010. GWF began construction of the conversion in June, 2011, based on a limited Notice to Proceed. However, the expected demand for additional combined-cycle generation did not materialize. GWF suspended the conversion of the project and continues to operate the facility in simple-cycle mode in compliance with its Original 2001 Certification. GWF has now determined that it intends to continue operating the project in simple-cycle mode for the foreseeable future. Therefore, GWF is requesting that the Energy Commission revoke the Amended 2010 certification and reinstate the Original 2001 certification.

Since the GWF Hanford emergency peaker certification was not included in the April 11, 2012 Commission Order related to the extension of the certifications of eight other emergency peaker projects, but was instead extended via the 2010 Amended Certification, GWF is requesting that the Energy Commission affirm that the Original 2001 emergency peaker certification is extended for the life of the HEPP, notwithstanding the revocation of the 2010 Amended Certification. The proposed certification revocation and extension would allow GWF to continue operating the HEPP in compliance with the Original 2001 emergency peaker certification, as it has since the project came on line in 2001.

Energy Commission staff has completed a technical review of the project to verify that the facility is being operated in compliance with the conditions of certification and extension criteria. Staff reviewed the petition and assessed the impacts of the proposed 2010 Amended Certification revocation and Original 2001 Certification extension on environmental quality and on public health and safety. In the Staff Analysis, staff proposes no new and/or revised conditions of certification. It is staff's opinion that, if the petition is approved, the project would remain in compliance with applicable laws, ordinances, regulations, and standards and that the proposed changes would not result in a significant adverse direct or cumulative impact to the environment (California Code of Regulations, Title 20, §1769). Staff intends to recommend approval of the petition at the November 12, 2014 Business Meeting of the Energy Commission.

The Energy Commission's webpage for this facility, <http://www.energy.ca.gov/sitingcases/peakers/hanford/>, has a link to the petition and the Staff Analysis on the right side of the webpage in the box labeled "Compliance Proceeding." Click on the "Documents for this Proceeding (Docket Log)" option. After the Final Decision, the Energy Commission's Order regarding this petition will also be available from the same webpage.

This notice has been mailed to the Energy Commission's list of interested parties and property owners adjacent to the facility site. It has also been e-mailed to the facility listserv. The listserv is an automated Energy Commission e-mail system by which information about this facility is e-mailed to parties who have subscribed. To subscribe, go to the Commission's webpage for this facility, cited above, scroll down the right side of the project webpage to the box labeled "Subscribe," and provide the requested contact information.

Any person may comment on this Staff Analysis. Agencies and members of the public who wish to provide comments on the petition are asked to submit their comments prior to November 10, 2014. To use the Energy Commission's electronic commenting feature, go to the Energy Commission'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. Once submitted, the Energy Commission Dockets Unit reviews and approves your comments, and you will receive an e-mail with a link to them.

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

California Energy Commission
Dockets Unit, MS-4
Docket No. 01-EP-7C
1516 Ninth Street
Sacramento, CA 95814-5512

All comments and materials filed with and approved by the Dockets Unit will be added to the Hanford Docket Log and become publicly accessible on the Energy Commission's webpage for the facility.

If you have any questions, please contact Mary Dyas, Compliance Project Manager, at (916) 651-8891, or by fax to (916) 654-3882, or via e-mail at: mary.dyas@energy.ca.gov.

For information on participating in the Energy Commission's review of the petition, please call the Public Adviser at (800) 822-6228 (toll-free in California) or send your e-mail to publicadviser@energy.ca.gov.

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

Mail List: 7010
List Serve: Hanford

HANFORD ENERGY PARK EMERGENCY PEAKER (01-EP-7C)
Petition to Amend Commission Decision
EXECUTIVE SUMMARY

Mary Dyas

INTRODUCTION

On March 24, 2014, GWF Energy, L.L.C. (GWF), filed a petition with the California Energy Commission (Energy Commission) requesting the revocation of the Amended Final Decision (2010 Amended Certification) for the GWF Hanford Combined-Cycle Power Project and the extension of the original certification for the Hanford Energy Park Emergency Peaker Project (Original 2001 Certification). Staff has completed its review of all materials received.

On January 17, 2001, Governor Gray Davis proclaimed a State of Emergency due to constraints on electricity supplies in California. The Governor declared that all reasonable conservation, allocation, and service restriction measures would not alleviate an energy supply emergency. As a result, the Governor issued Executive Orders D-22-01, D-24-01, D-25-01, D-26-01, and D-28-01 to expedite the permitting of peaking and renewable power plants that could be on-line by September 30, 2001.

The Governor also declared that these projects were emergency projects under Public Resources Code section 21080(b)(4), and were thereby exempt from the requirements of the California Environmental Quality Act (CEQA).

The Energy Commission Decisions for the emergency peaker projects included a provision that would allow the certification of such a project to be extended, provided that its conditions of certification were current, the project was in compliance with all conditions of certification, the project was permanent, and air emission credits were in place. The Hanford Energy Park Emergency Peaker project was originally certified by the Energy Commission pursuant to the emergency Executive Orders, and the extension of its certification is contingent on meeting the above criteria.

Staff has reviewed the Hanford Energy Park Emergency Peaker Project to verify that the power plant is being operated in compliance with the conditions of certification. Staff confirms that the six extension criteria have been satisfied and the conditions of certification are current. Staff conducted a site visit to the facility to visually verify that the project was constructed and is operating in a manner consistent with the approved conditions. It was confirmed that only one new concrete pad was poured at the northeastern end of the project site when construction began on the conversion of the project to combined-cycle, prior to suspension of construction in 2011.

The purpose of the Energy Commission's review process is to assess any impacts the proposed modifications would have on environmental quality and on public health and safety. The process includes an evaluation of the consistency of the proposed changes with the Energy Commission's Final Decision (Decision), and a determination on

whether the project, as modified, would remain in compliance with applicable laws, ordinances, regulations, and standards (California Code of Regulations, Title 20, §1769).

This attached Staff Analysis contains the Energy Commission staff's evaluation of the project's qualification for extension of its certification and of the affected technical area of Air Quality.

PROJECT DESCRIPTION AND LOCATION

On April 9, 2001, the GWF Power Systems (GWF) filed an emergency permitting application for the GWF Hanford Energy Park Peaker Project (Hanford). GWF submitted supplemental application information on April 12. GWF's application was deemed complete on April 12, 2001. On April 26, 2001, GWF filed a supplement to the application to relocate the equipment for the Hanford project on their property, and to incorporate the natural gas and electric transmission lines approved by the Energy Commission on April 11, 2001 as part of the Hanford Energy Park Small Power Plant Exemption (SPPE). GWF also notified the Commission that, as a result of electric transmission constraints, they do not intend to pursue the previously approved SPPE project, Docket 00-SPPE-1. The Hanford Energy Park Emergency Peaker Project (HEPP) was certified by the Energy Commission as a simple-cycle, electricity-generating, 95-megawatt emergency peaker facility in its Decision on April 26, 2001. The facility began commercial operation as a simple-cycle generator on September 2, 2001, and is located on 5 acres of the 10-acre parcel owned by GWF in Kings Industrial Park on the southern border of the City of Hanford in Kings County.

An amendment to modify the HEPP to a combined-cycle, natural gas-fired, 120-megawatt facility was approved by the Energy Commission on March 24, 2010. GWF began construction of the conversion in June, 2011, based on a limited Notice to Proceed. However, the expected demand for additional combined-cycle generation did not materialize. GWF suspended the conversion of the project and continues to operate the facility in simple-cycle mode in compliance with its Original 2001 Certification.

DESCRIPTION OF PROPOSED MODIFICATIONS

GWF has now determined that it intends to continue operating the project in simple-cycle mode for the foreseeable future. Therefore, GWF is requesting that the Energy Commission revoke the 2010 Amended Certification and reinstate the Original 2001 Certification.

Since the emergency peaker certification was not included in the April 11, 2012 Commission Order related to the extension of the certifications of eight other emergency peaker projects, but was instead extended via the 2010 Amended Certification, GWF is requesting that the Energy Commission affirm that the Original 2001 Certification is extended for the life of the HEPP, notwithstanding the revocation of the 2010 Amended Certification.

NECESSITY FOR THE PROPOSED MODIFICATIONS

Since the expected demand for additional combined-cycle generation did not materialize, GWF suspended the conversion of the project under the 2010 Amended Certification and continues to operate the facility in simple-cycle mode in compliance with its Original 2001 Certification. The proposed certification revocation and extension would allow GWF to continue operating the HEPP in compliance with the Original 2001 Certification, as it has since the project came on line in 2001.

STAFF'S ASSESSMENT OF THE PROPOSED 2010 CERTIFICATION REVOCATION AND 2001 CERTIFICATION EXTENSION

To determine whether HEPP meets the criteria required for the extension of its emergency peaker certification, staff has reviewed the project to verify that the power plant is being operated in compliance with the conditions of certification. Staff confirms that the conditions of certification are current and that the six extension criteria have been satisfied. Staff conducted a site visit to the facility to visually verify that the project was constructed and is operating in a manner consistent with the approved conditions. Staff also confirmed that only one concrete pad was poured at the northeastern end of the project site when construction began on the conversion of the project to combined-cycle, prior to suspension of construction in 2011.

Energy Commission technical staff reviewed the petition for potential environmental effects and consistency with applicable laws, ordinances, regulations, and standards (LORS). Staff has determined that the technical or environmental areas of Biological Resources, Cultural Resources, Facility Design, Geological Hazards & Resources, Hazardous Materials Management, Land Use, Noise and Vibration, Paleontological Resources, Socioeconomics, Soil & Water Resources, Traffic & Transportation, Visual Resources, Waste Management and Worker Safety & Fire Protection are not affected by the proposed changes, and no revisions or new conditions of certification are needed to ensure the project remains in compliance with all applicable LORS.

Staff determined that the technical area of Air Quality would not be affected by the proposed project extension of the Original 2001 Certification and that the project would comply with the continuation conditions applicable to air quality and necessary for an extension of the Original 2001 Certification. The project would continue to comply with all laws, ordinances, regulations, and standards through enforcement of the project's Permit to Operate and the Final Commission Decision under the Original 2001 Certification.

A summary of staff's conclusions reached in each technical area are summarized in **Executive Summary Table 1**.

**Executive Summary Table 1
Summary of Impacts to Each Technical Area**

TECHNICAL AREAS REVIEWED	STAFF RESPONSE			
	Technical Area Not Affected	No Significant Environmental Impact*	Process As Amendment	New Conditions of Certification Recommended
Air Quality			X	NA
Biological Resources	X			
Cultural Resources	X			
Facility Design	X			
Geological Hazards & Resources	X			
Hazardous Materials Management	X			
Land Use	X			
Noise and Vibration	X			
Paleontological Resources	X			
Public Health	X			
Socioeconomics	X			
Soil and Water Resources	X			
Traffic and Transportation	X			
Transmission Line Safety & Nuisance	X			
Transmission System Engineering	X			
Visual Resources	X			
Waste Management	X			
Worker Safety and Fire Protection	X			

*There is no possibility that the modifications may have a significant effect on the environment and the modification will not result in a change or deletion of a condition adopted by the commission in the final decision or make changes that would cause the project not to comply with any applicable laws, ordinances, regulations, or standards (20 Cal. Code Regs., § 1769 (a)(2)).

EXTENSION CRITERIA

The Energy Commission decision for the HEPP included a provision that would allow for the certification of the project to be extended, provided that six criteria were met. The provision states that the project owner shall provide verification that the project will meet the following criteria in order to continue the permit.

1. The project is permanent, rather than temporary or mobile in nature.
2. The project owner demonstrates site control.

3. The project owner has secured permanent Emission Reduction Credits approved by the San Joaquin Valley Unified Air Pollution Control District (Air District) and the California Air Resources Control Board (ARB). The ERCs must be adequate to fully offset project emissions for its projected run hours and must have been in place prior to the expiration of the temporary ERCs obtained from ARB if temporary ERCs were used for the initial operation of the project.
4. The project is in current compliance with all Energy Commission permit conditions specified in this Decision.
5. The project is in current compliance with all conditions contained in the ATC permit from the Air District.
6. The project meets all Best Available Control Technology BACT requirements under Air District rules, as established in the ATC permit, and all ARB requirements.

The Commission certification for the project was issued for the term of the power purchase agreements with the Department of Water Resources (DWR). The DWR contract for the HEPP did not expire according to its terms. Instead, prior to the expiration date, the contract was novated and replaced by a power purchase agreement with Pacific Gas & Electric Company for the output of the project in simple-cycle mode.

Staff has completed a site visit to the HEPP and reviewed the conditions of certification. The HEPP meets the criteria to have its certification extended for the life of the project.

Staff has worked with the project owner to verify the facility was operating consistent with the conditions of certification and that the certification could be extended if certain provisions were met. In April 2014, staff conducted a site visit to verify the existing facilities were permanent and visually inspected the condition of the facility. Staff has been able to confirm that the six extension criteria have been satisfied and are current.

STAFF RECOMMENDATIONS AND CONCLUSIONS

Staff concludes that the following required findings mandated by Title 20, section 1769(a)(3) of the California Code of Regulations can be made and will recommend approval of the petition to the Energy Commission:

- A. The proposed modification(s) would not change the findings in the Energy Commission's Decision pursuant to Title 20, California Code of Regulations, section 1755;
- B. There would be no new or additional, unmitigated significant environmental impacts associated with the proposed modifications;
- C. The facility would remain in compliance with all applicable laws, ordinances, regulations, and standards;
- D. The modifications proposed in the petition would allow the HEPP to continue to operate as a simple-cycle facility under its Original 2001 Certification.

- E. The modifications would be beneficial to the project owner because the changing market conditions made the conversion to combined-cycle infeasible. GWF did not move forward with the conversion and determined that continued operation of the project in simple-cycle mode for the foreseeable future was the best course of action.
- F. The proposed modification(s) are justified because there has been a substantial change in circumstances since the Energy Commission certification. Due to changing market conditions, the demand for additional combined-cycle generation did not materialize, so GWF did not move forward with the conversion.

HANFORD ENERGY PARK EMERGENCY PEAKER (01-EP-7C)

Petition to Amend Commission Decision

AIR QUALITY ANALYSIS

Joseph Hughes

INTRODUCTION

On May 10, 2001, the California Energy Commission (Energy Commission) approved the Hanford Energy Park Emergency Peaker Project (HEPP) (CEC 2001), a 95-megawatt natural-gas fired simple-cycle peaking facility in Hanford, California. HEPP consists of two General Electric LM6000 PC Sprint combustion turbine generators. HEPP was certificated as an emergency peaker plant to address constraints on electricity supply during the Energy Crisis of 2001. On March 24, 2010, the Energy Commission approved an amendment allowing the conversion of the HEPP to a combined-cycle facility known as the GWF Hanford Combined-Cycle Power Project (GWF Hanford) (CEC 2010). The project would have retained the capability to operate in a simple-cycle configuration. However, these changes (2010 Amended Certification) were never implemented, and the facility continues to operate in the simple-cycle mode (Original 2001 Certification).

On March 24, 2014, GWF Energy, L.L.C. (GWF), submitted a petition requesting that the Energy Commission revoke the 2010 Amended Certification for GWF Hanford and affirm the extension of the Original 2001 Certification for the HEPP.

BACKGROUND

The HEPP was originally contracted with the Department of Water Resources (DWR) for the sale of power. The Commission certification for the project was issued for the term of the power purchase agreement with DWR. The decision approving the project allowed an extension of the certification if the project owner could verify that the project complies with the following continuation conditions (quoted below in italics):

Permit Verification: *At least six months prior to the expiration of its power purchase agreement with the DWR, the project owner shall provide verification that the project will meet the following criteria in order to continue the permit through the life of the project:*

- 1. The project is permanent, rather than temporary or mobile in nature.*
- 2. The project owner demonstrates site control.*
- 3. The project owner has secured permanent Emission Reduction Credits (ERCs) approved by the San Joaquin Valley Unified Air Pollution Control District (Air District) and the California Air Resources Control Board (CARB). The ERCs must be adequate to fully offset project emissions for its projected run hours and must*

- have been in place prior to the expiration of the temporary ERCs obtained from CARB if temporary ERCs were used for the initial operation of the project.*
- 4. The project is in current compliance with all Commission permit conditions specified in the final decision.*
 - 5. The project is in current compliance with all conditions contained in the Authority to Construct (ATC) permit from the Air District.*
 - 6. The project meets all Best Available Control Technology (BACT) requirements under Air District rules, as established in the ATC permit, and all CARB requirements.*

The DWR contract for the HEPP did not expire according to its terms. Instead, prior to the expiration date, the contract was replaced by a power purchase agreement with Pacific Gas & Electric for the output of the project in simple-cycle mode.

LAWS, ORDINANCES, REGULATIONS, AND STANDARDS (LORS)

The facility's current San Joaquin Valley Air Pollution Control District (Air District) Permits to Operate (PTOs) ensure compliance with all laws, ordinances, regulations, and standards (LORS) and BACT requirements (Air District 2011), and these are renewed every five years to ensure ongoing compliance with new or modified requirements. The current PTOs for the HEPP pertain only to the simple-cycle peaking facility and do not allow combined-cycle operation. These PTOs are valid through April 30, 2016, at which time they will be renewed as long as the facility continues to comply with all permit conditions and applicable LORS.

The Air District previously issued ATC permits to allow modification of the HEPP to convert the facility to a combined-cycle power plant with a nominal 25 MW (net) of additional generating capacity. However, because GWF never completed construction of the combined-cycle facility, or made modifications to equipment to allow combined-cycle operation, those ATC permits were never converted to PTOs; therefore, the peaking facility PTOs (Air District 2011) remain in effect.

ANALYSIS

As part of the request to revoke the 2010 Amended Certification for GWF Hanford and extend the Original 2001 Certification for the HEPP, staff will discuss the HEPP compliance with the continuation conditions listed above that are applicable to air quality.

EMISSION REDUCTION CREDITS (ERCS)

The Air Quality Final Staff Assessment (CEC 2009) and the Final Commission Decision (CEC 2010) for the Hanford Combined-Cycle Power Plant Amendment confirmed that the HEPP, when initially permitted, was required to fully offset its emissions, without use of the Air District offset thresholds, due to the fact that it was considered together as a

single stationary source with the existing Hanford petroleum coke-fired cogeneration facility (Hanford LP). The Air District only requires emissions above the threshold value to be offset. However, Hanford LP had already consumed the Air District's offset thresholds for NO_x, VOC, PM₁₀ and SO₂, so HEPP was required to fully offset all emissions. The Air Quality section of the HEPP Final Staff Assessment provided a tabulated list of all offsets including: amount surrendered, offset source location, and ERC certificate numbers that demonstrated the facility had been fully offset at greater than a 1:1 offset ratio for all nonattainment pollutants and their precursors (CEC 2009).

AIR DISTRICT PERMITS

The facility remains in compliance with its current Air District PTO. The current PTO remains valid through April 30, 2016, subject to payment of annual permit fees and compliance with permit conditions and all applicable local, state, and federal regulations. The permit is valid only at the location specified and becomes void upon any transfer of ownership or location. Any modification of the equipment or operation, as defined in Air District Rule 2201, would require prior Air District approval.

BEST AVAILABLE CONTROL TECHNOLOGY REQUIREMENTS

BACT is defined as the most stringent emission limitation or control technique of the following (quoted below in italics):

- a. *Achieved in practice for a category and class of source;*
- b. *Contained in any State Implementation Plan and that have been approved by the U.S.EPA for a category and class of source;*
- c. *Contained in an applicable federal New Source Performance Standard; or*
- d. *Any other emission limitation or control technique that the San Joaquin Valley Air Pollution Control District's Air Pollution Control Officer (APCO) finds is technologically feasible and is cost effective.*

The Air District determined that the facility complied with BACT requirements with its issuance of the ATC permits during initial licensing. The ATC permits have since been converted to PTOs at which time the Air District confirmed that the facility continued to comply with all permit requirements including BACT. As long as the facility continues to comply with its PTO, BACT requirements would continue to be met.

CONCLUSION

Staff is recommending approval of the revocation of the 2010 Amended Certification for GWF Hanford and extension of the Original 2001 Certification for the HEPP. The project complies with the continuation conditions applicable to air quality and necessary for an extension of the project certification. The project would continue to comply with all laws, ordinances, regulations, and standards through enforcement of the project's PTO and Final Commission Decision (CEC 2001) under the Original 2001 Certification.

REFERENCES

CEC 2001—California Energy Commission. Final Commission Decision, Hanford Energy Peaker Project. May, 2001.

CEC 2009—California Energy Commission. Air Quality Final Staff Assessment, Hanford Combined-Cycle Power Plant Amendment. October, 2009.

CEC 2010—California Energy Commission. Final Commission Decision, Hanford Combined-Cycle Power Plant Amendment. March, 2010.

GWF 2014—GWF Energy Center, L.L.C.. Motion Requesting Revocation of 2010 Amended License and Extension of 2002 Emergency Peaker License. March, 2014.

Air District 2011—San Joaquin Valley Air Pollution Control District. Permit to Operate (Permit Nos. C-4140-0-1, C-4140-1-4, C-4140-2-4, C-4140-4-0). May 17, 2011.