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MINUTE ORDER

CITY OF SAN BERNARDINO MUNICIPAL WATER DISTRICT
399 Chandler Place
San Bernardino, California 92408

Case No: 6124-1
Facility ID: 11301

Hearing Date: 12/20/2018

Hearing Type: Regular

HEARING BOARD ACTION

Action: Granted ***Starting Date:*** 01/01/2019 ***Ending Date:*** 09/01/2021

RULES

203(b) {From Conditions Nos. 6, 13(B) & 15(B) of A/N 572764; Conditions Nos. 7, 10(B) & 11(B) of A/N 493319; Conditions Nos. 7, 10(B) & 11(B) of A/N 493317; Conditions Nos. 6, 9(B) & 10(B) of A/N 493324; and Conditions Nos. 6, 9(B) & 10(B) of A/N 493323}

1110.2(d)(1)(B)(ii)

1110.2(f)(1)(C)(ii)

1110.2(f)(1)(D)(iii)

1110.2(f)(1)(H)(i)

EQUIPMENT DESCRIPTION	*DEVICE/APPLICATION/PERMIT*
Cogeneration System No. 1	A/N 572764
Waukesha ICE No. 1	A/N 493319
Waukesha ICE No. 2	A/N 493317
Caterpillar ICE No. 2	A/N 493324
Caterpillar ICE No. 3	A/N 493324

CONDITIONS

1. Petitioner shall, within 30 working days from the date this regular variance is granted, submit to the SCAQMD, by email to Harry Moon (hmoon@aqmd.gov) and Alisha Lewis (alewis@aqmd.gov), a detailed plan (preliminary plan is acceptable) with a project schedule (Gantt Chart or a similar tool) which shows in as much detail as is available to Petitioner at that time the deliverables, increments of progress and timeline for the Digester Gas Beneficial Use Program.
2. Petitioner shall expedite the execution of bidding specifications and contracts, as well as the delivery, installation, startup, and testing of the Resultant Projects' components of the Digester Gas Beneficial Use Program.
3. Petitioner shall not operate the digester gas-fueled internal combustion engines (ICEs): CoGen #1 (Permit No. G37211, A/N 572764), Roots #1 (Permit No. G12477, A/N 493319), Roots #2 (Permit No. G12476, A/N 493317), CAT #2 (Permit No. G12499, A/N 493324), and CAT #3 (Permit No. G12498, A/N 493323) after September 1, 2021, or after the date when the fuel cell system, new flares, digester gas storage system newly converted pumps and new blowers have been installed, tested, and determined to be fully operational, whichever shall occur first.

4. Petitioner may sequence the removal of the digester gas-fueled ICEs as necessary to assure reliable supply of aeration to the treatment process and pumping capacity at the Arrowhead Lift Station, but in no event shall any digester gas-fueled ICE be operated within the Water Reclamation Plant (WRP) after September 1, 2021, unless the Petitioner has been granted a Petition for Modification to the Variance as required by Condition 8.
5. Petitioner shall provide written notification to the SCAQMD, by email to Harry Moon (hmoon@aqmd.gov) and Alisha Lewis (alewis@aqmd.gov), at least 48 hours prior to the scheduled shutdown and decommissioning of each of digester gas-fueled internal combustion engines (ICEs): CoGen #1 (Permit No. G37211, A/N 572764), Roots #1 (Permit No. G12477, A/N 493319), Roots #2 (Permit No. G12476, A/N 493317), CAT #2 (Permit No. G12499, A/N 493324), and CAT #3 (Permit No G12498, A/N 493323) so that a SCAQMD representative may be present to witness the final shutdown and decommissioning of the engines subsequent to the digester gas cutover date.
6. Petitioner shall monitor and record the number of hours of operation per day and the quantity of digester gas (in scfm) combusted for each digester gas-fueled internal combustion engines (ICEs): CoGen #1 (Permit No. G37211, A/N 572764), Roots #1 (Permit No. G12477, A/N 493319), Roots #2 (Permit No. G12476, A/N 493317), CAT #2 (Permit No. G12499, A/N 493324), and CAT #3 (Permit No. G12498, A/N 493323) until final compliance is achieved.
7. Petitioner shall, within 15 calendar days of the end of each calendar month following the issuance of this regular variance, report to the SCAQMD, by email to Harry Moon (hmoon@aqmd.gov), Alisha Lewis (alewis@aqmd.gov), and to the Clerk of the Board (clerkofboard@aqmd.gov) the progress of the Digester Gas Beneficial Use Program. The report shall contain, at a minimum, the following information:
   a. The status(es) on various Digester Gas Beneficial Use Program milestones, such as:
      i. Bidding specifications, selection of consultants and contractors, and contract execution with Resultant Project contractors;
      ii. Execution of the Fuel Cell system Power Purchase Agreement;
      iii. Final Design of Resultant Projects;
      iv. Construction commencement of Resultant Projects; and
      v. Delivery, installation, startup, and testing of Resultant Projects' components.
   b. Discussion on problems encountered or projected to occur pertinent to the delivery, installation and startup of the aeration blowers and lift station pump electric motors, and the solutions implemented to resolve the problems (if any).
   c. Excess emissions calculations (if available), broken down daily and summarized monthly; and
   d. Updates to the project schedule and increments of progress (as stipulated in Condition No. 1) as necessary.
8. Petitioner shall, if Petitioner reasonably anticipates that final compliance will not be achieved by September 1, 2021, or if Petitioner is unable to meet any increment of progress adopted by the Hearing Board in this variance order, due to reasons beyond its control, submit a timely Petition for a Modification to the Variance. Petitioner shall notify the SCAQMD (Attention: Sheri Hanizavareh, shanizavareh@aqmd.gov) upon learning of any such anticipated delay in the final compliance date or any anticipated requested changes in condition.
9. Petitioner shall pay all applicable fees to the Clerk of the Board. Failure to do so will result in the variances invalidation pursuant to Rule 303(k), except for excess emissions fees, which shall be paid on a quarterly basis with the first payment due on 4/15/19, after on a quarterly basis on the 15th of the following month. Petitioner shall pay excess emission fees based on the daily fuel consumption in each of the 5 internal combustion engines (ICEs), multiplied by an emission factor for each ICE that is derived from the difference between the Rule 1110.2 emission limits in effect prior to 1/1/2019 and the limits in effect on and after 1/1/2019.

10. Petitioner shall notify the SCAQMD (Attention: Sheri Hanizavareh, shanizavareh@aqmd.gov) and the Clerk of the Hearing Board in writing when final compliance has been achieved.

INCREMENTS OF PROGRESS

1. The Department shall complete its internal scopes of work for the ALS Electrical Supply Project, Pump #2 Electric Conversion Project, and Pump #3 Propane Conversion Project (collectively, "ALS Resultant Projects") by February 15, 2019.
2. The Department shall execute a Power Purchase Agreement (PPA) with a fuel cell vendor by April 30, 2019.
3. The Department shall issue Requests for Proposals (RFPs), either as Design/Build or Design/Bid/Build, for the Digester Gas Storage Project, Flare Replacement Project, and the Blower Decentralization Project by May 31, 2019, upon completion of the Preliminary Design Report (PDR). The PDR represents the substantial completion of the 30% Design Phase.
4. The Department shall submit to the District the permitting materials for the NOx 0.025 lbs per BTU Flare Project by November 30, 2019.
5. The Department shall issue a Notice to Proceed for construction on the Blower Decentralization Project by March 30, 2020.
6. The Department shall have submitted the necessary permitting materials to the District for each Resultant Project by September 30, 2020. This shall not include cancellation or amendment of permits necessary for compliance through the pendency of this variance.
7. The Department shall procure all major components for the construction of the ALS Resultant Projects by December 31, 2020.
8. The Department shall begin startup testing and commissioning of the final operational process arrangement by June 30, 2021 ("Digester Gas Cutover Date").
9. The Department shall submit at the close of each quarter on the 15th of the following month a written status update beginning on 4/15/19 presenting evidence of its continued progress to date and present an updated schedule that demonstrates rule compliance by the expiration date of the regular variance. Should the District have questions regarding the update, the Department shall make itself available for a meeting with District staff.
10. The SCAQMD Hearing Board will conduct an annual status hearing the first week of December each year during the variance period for the Department to demonstrate its compliance progress.

EXCESS EMISSIONS

CO: 88.63 lbs/hour

NOx: 2.15 lbs/hour

VOC: 6.25 lbs/hour

Failure to comply in full with any and all conditions and increments of progress may result in modification or revocation of this order by the Hearing Board, and/or enforcement actions by the SCAQMD.

REMINDER

In the event petitioner will be unable to comply with the final compliance date, a petition requesting a modification and extension of the variance may be filed. To meet notice requirements, the petition **must be** filed no later than **July 13, 2021.** In the event the hearing is not needed and taken off calendar, petitioner may request a refund of 50% of the filing fee; however, petitioner will be responsible for the publication fee.

Present:	Julie Prussack, Chair Patricia Byrd, Vice Chair Mohan Balagopalan Hon. Nate Holden Roger L. Lerner, M.D.
Representing the Petitioner:	Michael E. Vergara, Attorney At Law Alyson E. Ackerman, Attorney at Law
Representing the Respondent:	Shahrzod Hanizavareh, Senior Deputy District Counsel
Witnesses for the Petitioner:	Miguel Guerrero, General Manager Kevin Stewart, Director of Water Reclamation Jennifer Shepardson, Director of Environmental & Regulatory Compliance
Witness for the Respondent:	Harry Moon, Air Quality Engineer
Petitioner's Exhibits:	# 1 - Permit To Operate – Cogeneration System No. 1 # 2 - Permit To Operate – Internal Combustion Engine No. 1 # 3 - Permit To Operate – Internal Combustion Engine No. 2 # 4 - Permit To Operate – Internal Combustion Engine, Caterpillar No. 2 # 5 - Permit To Operate – Internal Combustion Engine, Caterpillar No. 3 # 6 - Aerial Overview of Water Reclamation Plant # 7 - Notice of Violation dated 6/24/17 # 8 - Letter dated 12/12/17 from Charles Tupac to Kevin T. Stewart re: Alternative Compliance Plan # 9 - Excess Emissions Calculations #10 - Proposed Conditions #11 - Revised Schedule of Increments of Progress #12 - PowerPoint Presentation #13 - SCR Retrofit Infeasibility #14 - Excess Emissions Calculations
Respondent's Exhibit:	A - Proposed Variance Conditions

Motion: PRUSSACK/BALAGOPALAN 5-0

Board Review/Approval

Julie Prussack, Chair

Dated 1/18/19

Prepared by A. Rebecca Fleming