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8 **BEFORE THE HEARING BOARD OF THE**
9 **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

10 **In the Matter of**

11 COLTON POWER, LP – DREWS [Facility ID No.
12 182563]

13 Petitioner.

14 vs.

15 SOUTH COAST AIR QUALITY
16 MANAGEMENT DISTRICT.

17 Respondent.

CASE NO. 6167-3

**DECLARATION OF JOSEPH
SHEPHARD**

Hearing Date: March 26, 2024
Time: 9:30 a.m.
Place: Hearing Board
South Coast Air Quality
Management District
21865 Copley Drive
Diamond Bar, CA 91765

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20 **DECLARATION OF JOSEPH SHEPHARD**

21 I, Joseph Shephard, declare as follows:

- 22 1. I am employed as the plant manager overseeing the maintenance and operations of the
23 Colton Power, LP-Drews electric power generating facility (“Facility”). I am directly
24 employed by North America Energy Services (“NAES”), which is responsible for
25 operating the Facility. I either have first-hand knowledge of events or have reviewed
26 information and data related to this petition for regular variance, and I am competent to
27 testify to the facts set forth herein.
- 28 2. The Facility is an electricity generating plant utilizing four simple cycle 10.5-MW natural

1 gas-fired combustion turbines. The Facility’s main purpose is to provide electricity to the
2 City of Colton in times of peak demand.

3 3. In early September 2023, Facility management was reorganized, and new plant
4 management personnel were assigned operations and maintenance responsibilities for the
5 Facility. I began managing the Facility at this time as part of this reorganization. As part
6 of this transition, the Facility’s management team has been implementing system
7 evaluations and performing maintenance where needed. I oversee personnel tasked with
8 directing all Operations and Maintenance activities at the plant. My responsibilities
9 include ensuring the safe and efficient operation of the Facility and ensuring that the plant
10 is operated in compliance with applicable safety, environmental, and power generating
11 requirements. This includes oversight of personnel that conduct air quality testing and
12 activities pursuant to the Facility’s Title V Permit to Operate.

13 4. As part of the maintenance review conducted after I began managing the Facility, it was
14 determined that new Selective Catalytic Reduction (“SCR”) catalyst was required for
15 each of the four combustion turbines at the Facility, including Unit D22. It was
16 determined that the SCR catalyst replacement required an application to South Coast Air
17 Quality Management District (“AQMD”) for a RECLAIM/Title V Minor Permit
18 Revision. This application was filed on November 21, 2023.

19 5. On September 6, 2023, Advanced Turbine Support (“Contractor”) was contacted to
20 conduct a visual internal (borescope) inspection of each of the Facility’s gas turbines to
21 assess their condition. The Contractor conducted the inspection on all four gas turbines
22 on November 4, 2023.

23 6. The Contractor’s inspection of Unit D22 revealed severe illuminated damage, and it was
24 determined that Unit D22 was unsafe to operate. Unit D22 was locked out of service to
25 physically restrict the equipment from operating until repairs could be made. Unit D22
26 has not operated since August 16, 2023.

27 7. South Coast Air Quality Management Rule 1134(e)(2)(C)(iii) states that ammonia slip
28 testing of natural gas-fired turbines, such as those at the Facility, must be conducted by

1 the end of the calendar year. Condition D28.1 of the Facility's Permit to Operate
2 contains a similar condition. South Coast AQMD testing standards require that the unit
3 operate at normal load. Because Unit D22 was not operational, the ammonia slip test
4 could not be conducted by the end of 2023.

- 5 8. On December 28, 2023, South Coast AQMD granted a short variance from South Coast
6 AQMD Rules requiring the annual ammonia slip test for Turbine Unit D22, which
7 include 203(b), 2004(f)(1) and 3002(c)(1){from Section D, Condition No. 28.1 of Title
8 V/RECLAIM Facility Permit to Operate 182563} and Rule 1134(e)(2)(C)(iii). The short
9 variance ends March 30, 2024.
- 10 9. On January 9, 2024, Unit D22 was taken off-site for repairs. The turbine damage is
11 expected to be repaired and the turbine reinstalled by mid-March 2024.
- 12 10. At the time of the short variance hearing, the Facility expected to have Unit D22-related
13 installation, maintenance and repairs, including replacement of the decades old SCR
14 catalyst, completed by the end of March 2024.
- 15 11. The South Coast Air Quality Management District's online Facility Information Detail
16 ("F.I.N.D.") indicates that the Facility's applications for minor permit revisions to allow
17 installation of new SCR catalyst began the required 45-day period for review by the U.S.
18 Environmental Protection Agency ("EPA") on or about February 22, 2024. Based on this
19 updated information, the Facility is not expected to have the requisite permit allowing
20 installation of the new SCR catalyst before mid-April.
- 21 12. When the Facility sought and obtained the short variance at the end of 2023, Petitioner
22 anticipated the permit to construct for the new SCR catalyst would be issued in sufficient
23 time for the installation of the new SCR catalyst for Unit D22 before expiration of the
24 short variance deadline. However, it is now apparent that the required 45-day EPA
25 review of the minor permit application for the new SCR catalyst will not be completed in
26 time for the Facility to install the new SCR catalyst and perform the ammonia slip test by
27 March 30, 2024, the end date of the short variance.
- 28 13. There are no anticipated excess emissions associated with the condition of Unit D22.

1 Unit D22 will not be reinstalled at the Facility until mid-March, and prior to installation
2 of the new SCR catalyst, it will not be operated except to respond to an extreme electrical
3 need or to assess repairs and further tune the unit. Unit D22 is not being marketed for
4 normal unit operation prior to installation of the new SCR catalyst in order to avoid
5 unnecessary operation of D22. However, it will be available to the City of Colton if
6 needed to respond to the most extreme electrical emergency conditions. As such, this
7 regular variance allowing delay of ammonia slip testing is not anticipated to cause the
8 Facility to exceed any emission limit.

9 14. Once Unit D22 is repaired and installed and prior to installation of the new SCR catalyst,
10 D22 will not operate except to assess repairs and tune the unit or where the City of
11 Colton requires the unit to respond to an extreme electrical emergency. Because of this,
12 the Facility cannot predict whether it will operate Unit D22 under normal conditions at
13 normal load before installation of the new SCR catalyst. Therefore, the ammonia slip test
14 for Unit D22 cannot reasonably be scheduled by the end of the short variance period.

15 15. If Unit D22 is kept offline, the Facility will incur penalties pursuant to the California
16 Independent System Operator's ("CAISO") Resource Adequacy Availability Incentive
17 Mechanism ("RAAIM"). RAAIM is a penalty imposed by CAISO where Resource
18 Adequacy Resources, such as the Facility, do not meet defined availability or
19 performance thresholds. Colton Power estimates that these penalties would be
20 approximately \$35,000 per month if Unit D22 is kept offline. Furthermore, Colton Power
21 has not been able to procure replacement Resource Adequacy capacity that may help it
22 avoid RAAIM penalties for the full period prior to anticipated SCR catalyst replacement,
23 and even if available, such replacement capacity is expected to be much more expensive
24 than incurring RAAIM penalties.

25 16. The Continuous Emissions Monitoring System ("CEMS") for Unit D22 will remain
26 functional after installation of the repaired turbine and throughout the requested regular
27 variance period. Records associated with the CEMS will be kept during the period of the
28 regular variance and can be provided to the South Coast Air Quality Management District

1 upon request.

2 17. The Facility anticipates that ammonia slip testing will be rescheduled and conducted
3 within 14 operating days after installation of the new SCR catalyst for Unit D22.

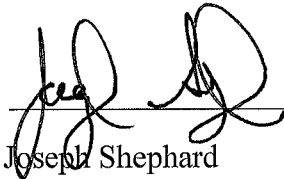
4 Currently, compliance testing for Unit D22 is rescheduled for early May 2024.

5 18. I have reviewed Health and Safety (H&S) Code Section 41700. The suspension of
6 operation of Unit D22 pending repair and related delay of the ammonia slip test beyond
7 the 2023 calendar year are not expected to result in a violation of H&S Code Section
8 41700.

9 19. Without a regular variance, the Facility will be in violation of South Coast AQMD rules
10 due to the inability to adequately perform the annual ammonia slip test for Unit D22,
11 which is due by March 30, 2024 pursuant to the previously granted short variance.

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13 I declare under penalty of perjury under the laws of the State of California that the forgoing is
14 true and correct, and that this declaration was executed on March 14, 2024 in Tracy, California.

15
16 DATED: March 14, 2024

17 By:  _____
Joseph Shephard