

**PETITION FOR VARIANCE
BEFORE THE HEARING BOARD OF THE
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

PETITIONER: Shadow Wolf Energy

CASE NO: _____

FACILITY ID: 196103

FACILITY ADDRESS: 25121 Sierra Hwy
[location of equipment/site of violation; specify business/corporate address, if different, under Item 2, below]

City, State, Zip: Santa Clarita, CA 91321

1. TYPE OF VARIANCE REQUESTED (more than one box may be checked; see Attachment A, Item 1, before selecting)

INTERIM SHORT REGULAR EMERGENCY EX PARTE EMERGENCY

2. CONTACT: Name, title, company (if different than Petitioner), address, and phone number of persons authorized to receive notices regarding this Petition (no more than two authorized persons).

Eric Alex, Operations Manager

Adam Ohnstad

25121 Sierra Hwy

25121 Sierra Hwy

Santa Clarita, CA

Santa Clarita, CA

Zip 91321

Zip 91321

☎ (661) 619-4527 Ext.

☎ (310) 904-5909 Ext.

Fax ()

Fax ()

E-mail e.alex@pphenergy.com

E-mail a.ohnstad@pphenergy.com

3. RECLAIM Permit Yes No

Title V Permit Yes No

Persons with disabilities may request this document in an alternative format by contacting the Clerk of the Board at 909-396-2500 or by e-mail at clerkofboard@aqmd.gov.

If you require disability-related accommodations to facilitate participating in the hearing, contact the Clerk of the Board at least five (5) calendar days prior to the hearing.

[ALL DOCUMENTS FILED WITH CLERK'S OFFICE BECOME PUBLIC RECORD]

4. **GOOD CAUSE:** Explain why your petition was not filed in sufficient time to issue the required public notice. (Required only for Emergency and Interim Variances; see Attachment A, Item 4)

Petitioner was aware that a variance would be needed. However, it was not until conversation with District staff (Emily Chau and Monica Fernandez-Neild) that it was understood that an interim variance would be required. The conversation with Ms. Emily Chau and Monica Fernandez-Neild took place on Thursday November 30, 2023.

5. Briefly describe the type of business and processes at your facility.

The cogeneration plant is part of a crude oil production facility. The cogeneration plant intermittently provides electrical power to the grid when demanded from utility. While operating during utility demand, the cogeneration plant provides electricity and steam to the production field.

6. List the equipment and/or activity(s) that are the subject of this petition (see Attachment A, Item 6, Example #1). **Attach copies of the Permit(s) to Construct and/or Permit(s) to Operate for the subject equipment. For RECLAIM or Title V facilities, attach *only* the relevant sections of the Facility Permit showing the equipment or process and conditions that are subject to this petition. You must bring the entire Facility Permit to the hearing.**

| Equipment/Activity | Application/Permit No. | RECLAIM Device No. | Date Application/Plan Denied (if relevant)* |
|--|------------------------|--------------------|---|
| Turbine #1, 220.6 MMBtu/Hr natural gas fired turbine | 634713 | D1 | |
| Turbine #2, 220.6 MMBtu/Hr natural gas fired turbine | 634715 | D5 | |
| | | | |
| | | | |

*Attach copy of denial letter

7. Briefly describe the activity or equipment, and why it is necessary to the operation of your business. A schematic or diagram may be attached, in addition to the descriptive text.

The cogeneration plant is part of a crude oil production facility. The cogeneration plant intermittently provides electrical power to the grid when demanded from utility. While operating during utility demand, the cogeneration plant provides electricity and steam to the production field.

8. Is there a regular maintenance and/or inspection schedule for this equipment? Yes No
 If yes, how often: Semi-Annual Date of last maintenance and/or inspection 7/16/2023

Describe the maintenance and/or inspection that was performed.

Maintenance and service completed consists of proper tuning of the ammonia injection grid (AIG), maintenance on Demineralized water resin beds and skid including replacing filters and confirming proper run parameters. Also the continuous emission monitoring system (cems) that is sending out daily emissions and is being monitored around the clock.

9. List all District rules, and/or permit conditions [indicating the specific section(s) and subsection(s)] from which you are seeking variance relief (if requesting variance from Rule 401 or permit condition, see Attachment A). Briefly explain how you are or will be in violation of each rule or condition (see Attachment A, Item 9, Example #2).

| Rule | Explanation |
|--|--|
| Rules 203(b), 2004(f)(1), 3002(c)(1) and 1134 (d)(3) | Turbines cannot meet the 2 ppm limit by January 2024 as the required catalyst will not be installed until March 2024. |
| | Turbine #1 (Device D1) will operate above the 2 ppm NOx limit prescribed by Rule 1134 for up to 240 hours per month in 2024. |
| | This will continue until the required catalyst is installed to decrease NOx emissions below 2 ppm. Turbine #2 (Device D5) is currently out of service for turbine rebuild and will not be operational until mid-2024, after the installation of the new catalyst in that unit. |

10. Are the equipment or activities subject to this request currently under variance coverage? Yes No

| Case No. | Date of Action | Final Compliance Date | Explanation |
|----------|----------------|-----------------------|---|
| 6244-1 | 10/11/2023 | TBD | Missed RATA for Turbine 2 due to unit being down for maintenance. |
| | | | |

11. Are any other equipment or activities at this location currently (or within the last six months) under variance coverage? Yes No

| Case No. | Date of Action | Final Compliance Date | Explanation |
|----------|----------------|-----------------------|-------------|
| | | | |
| | | | |

12. Were you issued any Notice(s) of Violation or Notice(s) to Comply concerning this equipment or activity within the past year? Yes No

If yes, you must attach a copy of each notice.

NOV P66099 and P73300 Attached

13. Have you received any complaints from the public regarding the operation of the subject equipment or activity within the last six months? Yes No

If yes, you should be prepared to present details at the hearing.

14. Explain why it is beyond your reasonable control to comply with the rule(s) and/or permit condition(s). Provide specific event(s) and date(s) of occurrence(s), if applicable.

In March 2023, Shadow Wolf Energy contacted multiple catalyst vendors. That same month, Shadow Wolf Energy started purchase order discussions with Umicore. Due to ownership conflicts, the PO for the catalyst purchase from Umicore was not issued. Ownership conflict went to court in March 2023. Settlement agreement was reached 8/3/2023 and the PO to Umicore was issued on 8/14/2023. Settlement agreement was executed on 8/17/2023. In November 2023, Shadow Wolf was notified by AQMD staff working on the permit modifications that the unit would need to also meet a reduced ammonia slip. This required a change to the catalyst to be installed. The catalyst that will deliver the reduced ammonia slip was ordered in November 2023 with an expected delivery and installation of March 2024. The delivery of the catalyst is not expected until March 2024. Rule 1134 requires that the turbines meet the lower NOx limit before the end of 2023. The current catalyst in the units cannot meet the lower NOx limit.

15. When and how did you first become aware that you would not be in compliance with the rule(s) and/or permit condition(s)? Provide specific event(s) and date(s) of occurrence(s).

In March 2023, Shadow Wolf Energy contacted multiple catalyst vendors. That same month, Shadow Wolf Energy started purchase order discussions with Umicore. In November 2023, Shadow Wolf was notified by AQMD staff working on the permit modifications that the unit would need to also meet a reduced ammonia slip. This required a change to the catalyst to be installed. The catalyst that will deliver the reduced ammonia slip was ordered in November 2023 with an expected delivery and installation of March 2024.

16. List date(s) and action(s) you have taken since that time to achieve compliance.

Turbine #2 (Device D5) is currently out of service for repairs and will not be back in operation until mid-2024. The new catalyst will be installed prior to Turbine #2 being placed back in operation.

Turbine #1 (Device D1) is currently operational and will be available to provide electricity upon demand from the utility provider per contract in 2024. However, the unit will only operate for a maximum 240 hours per month until installation of the new catalyst.

17. What would be the harm to your business during **and/or after** the period of the variance if the variance were not granted?

Economic losses: \$ 2 million

Number of employees laid off (if any): 2

Provide detailed information regarding economic losses, if any, (anticipated business closure, breach of contracts, hardship on customers, layoffs, and/or similar impacts).

If the variance were not granted, Shadow Wolf Energy would be required cease operation of the turbines until the catalyst could be installed. This would result in a lengthy loss of the turbine and the inability for the operator to meet utility electricity contract demands. This would be a breach of contract with the utility and would cause a hardship on the utility provider as they would not be able to keep up with electricity demand on the grid.

18. Can you curtail or terminate operations in lieu of, or in addition to, obtaining a variance? Please explain.

Turbine #2 (Device D5) is currently out of service for repairs and will not be back in operation until mid-2024. The new catalyst will be installed prior to Turbine #2 being placed back in operation.

Turbine #1 (Device D1) is currently operational and will be available to provide electricity upon demand from the utility provider per contract in 2024. However, the unit will only operate for a maximum 240 hours per month until installation of the new catalyst.

19. Estimate excess emissions, if any, on a daily basis, including, if applicable, excess opacity (the percentage of total opacity above 20% during the variance period). If the variance will result in no excess emissions, insert "N/A" here and skip to No. 20.

| Pollutant | (A) | (B) | (C)* |
|-----------|--|---------------------------------------|--|
| | Total Estimated Excess Emissions (lbs/day) | Reduction Due to Mitigation (lbs/day) | Net Emissions After Mitigation (lbs/day) |
| NOx | 136.2 | 0.0 | 136.2 |
| | | | |
| | | | |

* Column A minus Column B = Column C

Excess Opacity: N/A %

20. Show calculations used to estimate quantities in No. 19, or explain why there will be no excess emissions.

| Device D1 (9 ppm NOx @ 15% O2) | | | | |
|--------------------------------|---------------|-----------------------|-------------------|---------------------|
| MMBtu/Hr | MMBtu/Month | MMBtu/Variance Period | | |
| 220.6 | 52,944 | 423,552 | | |
| Pollutant | EF (lb/MMBtu) | EF (lb/Hour) | lbs/Month | lbs/Variance Period |
| NOx | 0.0331 | 73.0 | 1,752 | 14,013 |
| Device D1 (2 ppm NOx @ 15% O2) | | | | |
| MMBtu/Hr | MMBtu/Month | MMBtu/Variance Period | | |
| 220.6 | 52,944 | 423,552 | | |
| Pollutant | EF (lb/MMBtu) | EF (lb/Hour) | lbs/Month | lbs/Variance Period |
| NOx | 0.0074 | 16.2 | 389 | 3,114 |
| | | Excess Emissions | | |
| | | Lbs/Variance Period | Days of Operation | Lbs/Day |
| | | 10,899 | 80 | 136.23 |

21. Explain how you plan to reduce (mitigate) excess emissions during the variance period to the maximum extent feasible, or why reductions are not feasible.

The existing emissions control equipment will remain operational to minimize excess emissions during the variance period. Additionally, the units do not operate full time. Turbine #2 (Device D5) will not be operational during the variance period. Turbine #1 (Device D1) will only operate for a maximum 240 hours per month in 2024 until the installation of the new catalyst.

22. How do you plan to monitor or quantify emission levels from the equipment or activity(s) during the variance period, and to make such records available to the District? **Any proposed monitoring does not relieve RECLAIM facilities from applicable missing data requirements.**

During any periods of operation, the existing CEMS will be in use to track emissions and reporting will continue as normal.

23. How do you intend to achieve compliance with the rule(s) and/or permit condition(s)? Include a detailed description of any equipment to be installed, modifications or process changes to be made, permit conditions to be amended, etc., dates by which the actions will be completed, and an estimate of total costs.

Shadow Wolf Energy entered into contract to purchase the catalyst in August 2023.

Change order to meet the BACT requirements was issued in November 2023.

The catalyst will be delivered in March 2024.

Total cost for the equipment and installation is approximately: \$609,000

The installation work is expected to be complete by: April 2024

Turbine #1 (Device D1) is expected to be in compliance by: April 2024

Turbine #2 (Device D5) is expected to be operational and in compliance by: June 2024

When the upgrades are complete and the turbines back in operation, the operator will arrange for the source tests to be performed to demonstrate compliance with Rule 1134. Once the tests are complete, the units will be back in compliance with the rules and permit conditions.

24. State the date you are requesting the variance to begin: 1/1/2024; and the date by which you expect to achieve final compliance: 9/1/2024.

If the regular variance is to extend beyond one year, you **must** include a **Schedule of Increments of Progress**, specifying dates or time increments for steps needed to achieve compliance. See District Rule 102 for definition of Increments of Progress (see Attachment A, Item 24, Example #3).

List Increments of Progress here: N/A

25. List the names of any District personnel with whom facility representatives have had contact concerning this variance petition or any related Notice of Violation or Notice to Comply.

Adam Tavasolian, AQMD Inspector II Ext. _____
_____ Ext. _____

If the petition was completed by someone other than the petitioner, please provide their name and title below.

Name Company Title

The undersigned, under penalty of perjury, states that the above petition, including attachments and the items therein set forth, is true and correct.

Executed on 12/4/23, at Newhall, California

Signature [Signature] Eric Alex Print Name

Title: Operations Manager

26. SMALL BUSINESS and TABLE III SCHEDULE A FEES: To be eligible for reduced fees for small businesses, individuals, or entities meeting small business gross receipts criterion [see District Rule 303(h)], you must complete the following:

Declaration Re Reduced Fee Eligibility

- 1. The petitioner is
a) [] an individual, or
b) [] an officer, partner or owner of the petitioner herein, or a duly authorized agent of the petitioner authorized to make the representations set forth herein.

If you selected 1a, above, skip item 2.

- 2. The petitioner is
a) [] a business that meets the following definition of Small Business as set forth in District Rule 102:
SMALL BUSINESS means a business which is independently owned and operated and meets the following criteria, or if affiliated with another concern, the combined activities of both concerns shall meet these criteria:
(a) the number of employees is 10 or less; AND
(b) the total gross annual receipts are \$500,000 or less or
(iii) the facility is a not-for-profit training center.

-OR-

- b) [] an entity with total gross annual receipts of \$500,000 or less.

3. Therefore, I believe the petitioner qualifies for reduced fees for purpose of filing fees and excess emission fee calculations, in accordance with Rule 303(h).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on _____, at _____, California

Signature _____ Print Name _____

Title _____

ATTACHMENT A

ITEM 1

Type of Variance Requested:

- (a) **SHORT:** If compliance with District rule(s) can be achieved in **90 days or less**, request a short variance. *(Hearing will be held approximately 21 days from date of filing--10-day posted notice required.)*
- (b) **REGULAR:** If compliance with District rule(s) will take **more than 90 days**, request a regular variance. If the variance request will extend beyond one year, you **must** include a specific detailed schedule of increments of progress [see Page 8, No. 24] under which you will achieve final compliance. *(Hearing will be held approximately 45 days from date of filing--30-day published notice required.)*
- (c) **EMERGENCY:** If non-compliance is the result of an unforeseen emergency, such as a sudden equipment breakdown, power failure, or accidental fire, you may request an emergency variance. You may request an *ex parte* emergency variance in addition to an emergency variance. **An emergency variance cannot be granted for more than 30 days.** *(Hearing will be held within 2 working days from the date of filing, whenever possible, excluding Mondays, weekends, and holidays.)* **If you request an emergency variance, you must answer No. 4 on page 1.**
- (d) **EX PARTE EMERGENCY:** If variance coverage is required on a weekend or when the Board is not in session, and you cannot wait until an emergency variance hearing can be held, you may request an *ex parte* emergency variance. An *ex parte* emergency variance will be granted or denied solely on the information contained in the petition and the District's response to the petition. Under most circumstances, an *ex parte* emergency variance will remain in effect only until a hearing can be held. **If you request an *ex parte* variance, you must answer No. 4 on page 1.**
- (e) **INTERIM:** If you require immediate relief (other than for emergencies) to cover the time until a short or regular variance hearing can be held, request an interim variance. If you request an interim variance, you must also request a short or a regular variance on the same petition. *(Hearing will be held approximately 2 working days from date of filing, whenever possible, excluding Mondays, weekends and holidays.)* **If you request an interim variance, you must answer No. 4 on page 1.**

ITEM 4

GOOD CAUSE: The Hearing Board is required to provide public notice of variance hearings, as the public has a right to attend and testify at such hearings. In order for the Hearing Board to hold an Interim, *Ex Parte* Emergency or Emergency Variance hearing without the required public notice, a petitioner must present facts which will support a determination by the Board that "good cause" exists to hear a variance without notifying the public about the variance and providing the public with an opportunity to present evidence concerning the variance.

ITEM 6

Example #1:

| Equipment/Activity | Application/ Permit No. | RECLAIM Device No. | Date Application/Plan Denied (if relevant)* |
|--|----------------------------|-----------------------|--|
| Tenter frame | | D32 | |
| Chrome-plating tank | M99999 | | |
| Bake oven | 123456 | | |
| Create special effects (fog) | N/A | N/A | N/A |
| Mfg., sale, distribution, use of non-compliant coating | N/A | N/A | 12/10/95 |

ITEM 9

a) If you are requesting relief from Rule 401 and the excess opacity during the variance period will reach or exceed 40%, you should also request relief from California Health and Safety Code Section 41701.

b) If you are requesting relief from a permit condition(s), you should also request relief from the rule requiring compliance with conditions of the permit: 202(a), (b) or (c) - Temporary Permit to Operate; 203(b) - Permit to Operate; 2004(f)(1) – RECLAIM Permit; 3002(c) – Title V Permit.

Example #2:

| Rule | Explanation |
|---|--|
| 404(a) | tenter frame is vented to damaged air pollution control equipment |
| 2004 (f)(1) [Condition No. 28-2 of Facility P/O No. 099999] | source test cannot be conducted as required until new ESP is installed |
| 1113(c)(2) | petitioner manufactures and sells clear wood finishes with VOCs in excess of 350 grams per liter |
| 401(a) & California H&S Code Section 41701 | Opacity will exceed 45%. |

ITEM 24

Example #3:

Sample Schedule of Increments of Progress

- Permit application(s) will be submitted to the District by [date].
- Contracts for the purchase of emission control systems will be awarded by [date].
- On-site construction will be completed by [date].

| | |
|------------|--|
| English | <i>"If you require a language interpreter in order to participate in the hearing, contact the Clerk of the Board at least five (5) calendar days before your hearing at 909-396-2500 or by e-mail at clerkofboard@aqmd.gov . Specify the case name and number, hearing date, and the language for which you are requesting an interpreter."</i> |
| Farsi | "اگر برای شرکت در جلسه استماع به مترجم نیاز دارید، حد اقل پنج (5) روز تقویمی قبل از جلسه استماع، با منشی هیئت توسط شماره تلفن 909-396-2500 یا بوسیله نامه الکترونیکی با نشانی clerkofboard@aqmd.gov تماس بگیرید. نام پرونده و شماره آن، تاریخ جلسه استماع و زبانی را که برای آن مترجم درخواست کرده اید، مشخص کنید" |
| Arabic | "إذا كنت في حاجة لمترجم من أجل المشاركة في جلسة الاستماع، اتصل بكتاب المحكمة قبل موعد جلسة الاستماع بخمسة (5) أيام على هاتف 2500-396-909 . حدد اسم ورقم القضية و تاريخ الاستماع واللغة التي تريد في clerkofboard@aqmd.gov 909-396-2500 أو بالبريد الإلكتروني على مترجم لها." |
| Armenian | "Ռեկուզում ենք մասնակցելու համար, եթե թարգմանչի կարիքն ունենաք, ցածրագույն 5 օր առաջ կապվեք համապատասխան բարոտղարի հետ, 909-396-2500 հեռախոսահամարով կամ էլեկտրոնային փոստով clerkofboard@aqmd.gov : Նշեք գործի անունն և համարը, ունկնդրության թվականը, և լեզուն, որի համար թարգմանչի էք ցանկանում" |
| Vietnamese | "Nếu quý vị cần Thông Dịch Viên cho buổi điều trần, xin vui lòng điện-thoại cho Thư Ký Hội Đồng tại số 909-396-2500 trễ nhất là năm [5] ngày, không tính hai ngày Thứ Bảy và Chủ Nhật, trước buổi điều trần hoặc gửi điện thư đến clerkofboard@aqmd.gov . Nhớ ghi rõ tên và số hồ sơ, ngày điều trần, và ngôn ngữ quý vị cần có người để thông dịch." |
| Chinese | 如果你要求翻譯來協助你參加聽證會，請在你的聽證會前至少提前五天（5個日曆日）打電話到909-396-2500或發電子郵件到 clerkofboard@aqmd.gov 與局裏的辦事人員聯絡。並且明確說明你的案子的名稱和號碼，聽證日期，以及你要求的翻譯的語種。 |
| Japanese | 公聴会（ヒアリング）に参加するために通訳が必要な場合、少なくとも5日前までに事務局（Clerk of the Board）にご連絡ください。電話でのご連絡は909-396-2500、e-メールでのご連絡は clerkofboard@aqmd.gov . までお願いします。その際、案件名（case name）と案件番号（case number）、ヒアリングの日付、通訳が必要な言語を特定して下さい。 |
| Korean | "만약 귀하나 귀하의 증인들이 심리에 참여하기 위해 통역사가 필요하시면, 심리일 5일 전까지 기관부서의 서기에게 909-396-2500으로 연락하시거나, clerkofboard@aqmd.gov 로 연락 하십시오. 통역이 필요하신 사건의 이름, 심리날짜, 그리고 언어를 정확하게 말씀해 주십시오." |
| Spanish | Si usted requiere un intérprete para poder participar en la audiencia, favor de comunicarse con el Secretario de la Junta cuando menos cinco (5) días hábiles antes de su audiencia al teléfono (909) 396-2500 ó por correo electrónico al clerkofboard@aqmd.gov . Especifique el nombre y el número de su causa, la fecha de la audiencia y el idioma del cual está solicitando el intérprete. |
| Tagalog | "Kung kailangan ninyong mag-interpretar sa Pilipino para makasali kayo sa pagdinig sa kaso, tumawag lang kayo sa Clerk of the Board sa numero 909-396-2500 or kung hindi mag-email kayo sa email clerkofboard@aqmd.gov . Kailangan na tumawag kayo sa loob nang limang araw (5 days) bago ang inyong hearing date at ibigay and inyong pangalan at case number, araw nang inyong pagdinig sa kaso at inyong gusto na may lengguage na interpreter". |
| Thai | หากคุณต้องการล่ามในการขึ้นศาล ให้ติดต่อเจ้าหน้าที่ล่วงหน้าอย่างน้อย 5 วันก่อนวันขึ้นศาล โดยติดต่อที่เบอร์โทร 909-396-2500 หรือโดย e-mail ที่ clerkofboard@aqmd.gov ให้ออกชื่อและหมายเลขของคดี พร้อมทั้งวันเวลาในการขึ้นศาล และระบุภาษาที่คุณต้องการล่าม |

