



November 4, 2013

Via Electronic Filing: a-and-r-docket@epa.gov

Attn: Docket ID No. **EPA-HQ-OAR-2008-0708**

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Air and Radiation Docket and Information Center

Environmental Protection Agency

Mail Code: 2822T

1200 Pennsylvania Avenue, NW

Washington, DC 20460

**RE: Notice of Reconsideration of Final Rule; Request for Public Comment
(*Federal Register* / Vol. 78, No. 172, September 5, 2013, pp. 54606-
54612):
National Emission Standards for Hazardous Air Pollutants for
Reciprocating Internal Combustion Engines; New Source Performance
Standards for Stationary Internal Combustion Engines
(Docket: EPA-HQ-OAR-2008-0708)**

Dear Sir or Madam:

On behalf of the organization and its membership, American Municipal Power, Inc. (collectively AMP) respectfully submits these comments in response to EPA's notice of reconsideration of the final rule establishing National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines (RICE NESHAP) and New Source Performance Standards for Stationary Internal Combustion Engines (Docket: EPA-HQ-OAR-2008-0708) and request for public comment, as published in the Federal Register on September 5, 2013 (*Federal Register* / Vol. 78, No. 172, pp. 54606-54612).

AMP has participated in this docket previously, including the public meeting held in January 2011 at EPA's Research Triangle Park facilities and filing written comments

in February 2011, February 2012, and August 2012. AMP also endorses the comments on the reconsideration as offered by the American Public Power Association (APPA).

Background on American Municipal Power, Inc. (AMP)

AMP is a not-for-profit corporation founded in 1971 and headquartered in Columbus, Ohio. AMP's principal mission and purpose is to provide cost-effective, reliable power supply to 129 members in seven states, including 128 member communities in six states (Kentucky, Michigan, Ohio, Pennsylvania, Virginia, and West Virginia), plus the Delaware Municipal Electric Corporation, Inc., which is a joint action agency representing nine municipal electric systems in the state of Delaware. AMP's member municipal electric systems are owned by their customers, and the vast majority of AMP's members are communities with fewer than 5000 customers.

AMP and its member communities maintain a diversified portfolio of power generation assets and are regional leaders in the deployment of renewable generation. For example, AMP built and currently operates the 42 megawatt (MW) Belleville Hydroelectric Plant on the Ohio River as well as Ohio's first utility-scale wind farm. In 2012, AMP added over 3 MW of ground-mounted solar to our power supply portfolio. In addition, AMP currently has under construction four run-of-the-river hydroelectric projects along the Ohio River totaling approximately 300 MW (one additional project representing 48 MW is in the licensing stage of development). AMP is also using power purchase agreements (PPAs) to include wind and landfill gas in our renewable power supply portfolio.

In addition to being a regional leader in renewable power development, AMP also has a history of operating fossil-fueled base load electric generating units (EGUs) in Ohio, and several AMP members operate municipally owned coal-fired power plants. AMP and many of its members also own or operate distributed generation units and other facilities that utilize reciprocating internal combustion engines (RICE units), which are now subject to the NESHAP rules and are therefore most pertinent to this docket. The addition of distributed generation units at strategic locations across AMP's geographic footprint has helped provide needed back-up power to both fossil and renewable generation units, particularly during weather or other emergency situations, including times when the local distribution system has experienced constraints.

Most of AMP's municipal members qualify as small governments and/or small utilities for the purposes of the Small Business Administration protections under the Regulatory Flexibility Act (RFA).

Relation to Electric Transmission and Distribution System

The Federal Energy Regulatory Commission (FERC) has jurisdiction over the wholesale power and transmission sales by public utilities engaging in inter-state transactions. In the mid-1990s, FERC created the Open Access Transmission Tariff (OATT). The OATT contains rules for transmission service requests, purchasing transmission service, and scheduling electric power. Public utilities were required to file OATTs for FERC review and acceptance.

In the late 1990, FERC expanded the OATT concept to include the creation of centralized electric system operators called regional transmission organizations (RTOs), primarily in the Northeastern and Midwestern U.S. Public utilities that own transmission facilities were encouraged to transfer control of their facilities to the RTOs. Over time the RTOs expanded the markets they operate to include energy, capacity, and ancillary service such as voltage support and reserves.

As noted above, AMP's members are located in Delaware, Kentucky, Michigan, Ohio, Pennsylvania, Virginia, and West Virginia. AMP's members typically operate highly localized systems that are used to distribute electricity to end use consumers within their municipal borders. AMP's members do not own and operate transmission facilities that are used for regional transfers of bulk electric power. As such, AMP's members are "transmission dependent utilities;" in other words, AMP's members depend on the transmission facilities owned and operated by other utilities in order to transmit power from generation resources to their distribution systems.

Because of the municipals' dependence on other utilities for transmission, AMP's members must participate in the RTO markets (e.g., the vast majority of AMP's members are in the PJM Interconnection [PJM] RTO, while a few are in the Midcontinent Independent System Operator [MISO] RTO). AMP's comments on the RICE rules should be taken in the context of the requirement that AMP and its members must work within and comply with the rules of these RTO markets.

Overview of Comments

As the reconsideration of the final RICE NESHAP rule is open for only three distinct issues, AMP will limit our comments to those issues. AMP concurs with EPA's interpretation of the final rule as it relates to the timing for compliance with the ultra-low sulfur diesel fuel requirements and the timing and required information

for the annual reporting requirement for emergency engines. In addition, AMP also wishes to reinforce EPA's position in the final rule relative to the criteria for operation of up to 50 hours annually for non-emergency situations. AMP's position on these three issues is further explained in the following sections.

Specific Comments

1. Timing for Compliance with the Ultra-Low Sulfur Diesel (ULSD) Fuel Requirement for Emergency Compression Ignition (CI) Engines

AMP supports EPA's position that the ULSD fuel requirement should commence in January 2015 to give sources appropriate time to meet the final rule's requirements and make any needed physical adjustments to engines. Replacing low sulfur diesel fuel with ULSD fuel is not a simple product substitution. One of the differences between low sulfur diesel fuel and ULSD is lubricity. Failure to lubricate internal parts in the manner originally designed for existing engines can result in significant increases in operations and maintenance costs, perhaps even reduced service life of the machine. Lubricity deficiencies can probably be remedied or at least ameliorated with fuel additives and accelerated preventative maintenance. Owner/operators of existing CI engines need the time proposed by EPA in the final rule (January 2015 versus May 2013, as proposed by the petitioners) to consult with vendors and internal staff to develop operation and maintenance strategies designed to counteract possible negative impacts to the engines from the required fuel switch.

Some communities that generate electric power with combustion turbines may store a large amount of diesel fuel for use when natural gas supplies are curtailed. In many cases, natural gas curtailment is a relatively rare event, resulting in long periods of time, perhaps years, before the existing fuel inventory is exhausted. Emergency and black start CI engines are often co-located with combustion turbines and supplied from the same bulk storage tanks. To avoid unnecessary disruptions and significant costs with replacing existing fuel stockpiles, EPA should maintain the provision that existing diesel fuel purchased (or otherwise obtained) prior to 01 January 2015 may be used until depleted.

2. Timing and Required Information for the Reporting Requirement for Emergency Engines

AMP urges EPA to reject the petitioners' arguments that the reporting requirement begin with the 2013 calendar year, with the first report due early in 2014. Indeed, this request by the petitioners is ridiculous, particularly given that it is already November 2013 and EPA is still "reconsidering" the final rule. AMP also urges EPA

to reject the petitioners' request that the amount and type of diesel fuel used in the engines be included in the report – this request is unnecessary if the ULSD fuel requirement is being met and thus also places an unreasonable measurement and reporting burden on regulated entities.

Owner/operators of emergency engines have invested, and continue to invest, a significant effort over the prior months of 2013 to develop procedures and recordkeeping methods designed to maintain and document compliance with the RICE NESHAP operating limitations. Preparing this information for electronic submission to EPA will require another substantial effort.

Requiring EPA to develop and implement the compliance reporting tool in a few months does not allow EPA sufficient time to properly test and de-bug the tool. Forcing implementation of an inferior product will further complicate what is already a complex rule and lead to frustration and confusion on the part of regulated entities. Moreover, it is not clear that submission of this information to EPA improves compliance over the short run. If EPA suspects non-compliance, hard copy data is available upon request.

3. Criteria for Operation for up to 50 Hours per Year for Non-Emergency Situations

AMP urges EPA to reject the petitioners' requests for additional (yet unspecified) restrictions on units operating for up to 50 hours annually for non-emergency situations. The petitioners' vague claims that the final rule's requirements were indistinct and difficult to enforce – without providing suggestions for improvement – provide sufficient reason to EPA to reject them.

Through this rulemaking process, AMP and other commenters have outlined the importance of local authorities being able to use their knowledge of their own systems and needs when faced with emergency decisions. The use of many RICE units by smaller electric systems, including those owned and operated by many AMP members, generally occurs “behind the meter” at distribution voltages. These units, including units that are not participating in a RTO's emergency demand response (EDR) program, are often outside the direct control of an RTO (or equivalent balancing authority) and the North American Electric Reliability Corp. (NERC). That is not to say that the operation of these RICE units is purely incidental to regional transmission systems; on the contrary, they are often critical to the safe and reliable operation of *local* electric systems, which in turn support larger regional systems. For example, the utilization of RICE units in a community to correct a *local* electric

system voltage or frequency drop could prevent that local situation from spreading to other interconnected communities.

AMP understands EPA's concern that RICE units as a whole should not be completely free to operate without modifications whenever a local authority decides its own "emergency" situation applies. However, the highly variable and relatively infrequent nature of the operation of most of these units at the local level does not lend itself to a blanket solution. While an RTO-level decision-making threshold (i.e., Energy Emergency Alert [EEA] Level 2) may be appropriate for units under RTO control, many small, behind-the-meter units that serve important emergency functions and are otherwise used to support the reliability of local systems will be outside the view or control of an RTO.

Many municipal electric utilities are located in areas that may have difficulty importing power due to regional transmission constraints during periods of peak demand or other system emergencies. Transmission constraints can be affected by a number of factors including electricity demand, the status of electrical equipment and electricity injection from generators. These factors can vary widely over short periods of time and short distances during system emergencies. The possible scenarios that might threaten local reliability are almost too numerous to list. Therefore, it is best to leave the definition of this use category in its current form.

A broadly defined use category will maintain the flexibility for local system operators to quickly deal with emergency reliability issues to avoid sudden local power outages that may damage customer and utility-owned equipment, threatening critical infrastructure and public health. At the same time, limiting the use of this category to area sources, limiting its use to no more than 50 hours per year, and requiring the dispatch decision to follow reliability, emergency operation or similar protocols that follow specific NERC, regional, state, public utility commission or local standards or guidelines all serve to limit the possible misuse of this category.

Importantly, EPA acknowledges and AMP concurs that emissions are not expected to increase under this proposal, as the amount of total allowable hours remains at 100. Further, by being able to rely on smaller, more localized units in these situations, RTOs and other balancing authorities should be able to reduce their reliance on more remote units, where line losses could result in greater emissions.

Since AMP's member communities began implementing the RICE NESHAP rules on May 3, 2013, it is instructive to cite a few examples where "local reliability" was the reason for non-emergency use. AMP notes two examples below where the final

rule's flexibility allowed for continued operation of critical units during non-emergency situations to prevent local outages.

Example A: During periods of high ambient temperatures and relative humidity, *COMMUNITY A* began experiencing voltage sags in the range of 11,800 to 12,000 volts. In addition to the adverse weather conditions, a transformer protection relay in one of *COMMUNITY A*'s substations failed. To protect customer computer systems and prevent a system outage, *COMMUNITY A* shut down the primary feed to the substation. A secondary feed was used to energize the substation, and an emergency RICE unit was dispatched to reduce load and stabilize system voltage at 12,500 volts.

Example B: *COMMUNITY B* was notified by the regional transmission operator several times last summer that its transmission feed would be opened unless load could be significantly reduced. The RTO had to reduce system load to prevent a network outage due to transmission constraints resulting from equipment failures. *COMMUNITY B* requested voluntary curtailments from its customers and operated an emergency RICE unit until the RTO cancelled the emergency.

Whether local outages could have been avoided *without* the flexibility of the final RICE NESHAP rule is not the point – the point is that the final rule's existing provisions did allow these communities to respond in a reasonable and responsible manner to operating conditions that threatened essential local power supply. Those provisions should be maintained and the petitioners' requests for additional restrictions rejected.

Conclusion

AMP and our members appreciate the opportunity to provide these comments in support of these three aspects of EPA's final rule. Should you have any questions or need additional information, please feel free to contact Julia Blankenship, director of energy policy and sustainability, at jblankenship@amppartners.org or 614/540-0840.