

**Alaska Department of Environmental Conservation
Air Permits Program**

**Anchorage Municipal Light & Power
Hank Nikkels Plant One**

Issue Date: April 7, 2009

**STATEMENT OF BASIS
of the terms and conditions for
Permit No. AQ0202TVP02**

**Prepared by Jill L. Gaylard, Tim Knapp, Debra Dalcher, and David
Schleiger**

INTRODUCTION

This document sets forth the statement of basis for the terms and conditions of Operating Permit No. AQ0202TVP02.

STATIONARY SOURCE IDENTIFICATION

Section 1 of Operating Permit No. AQ0202TVP02 contains information on the stationary source as provided in the Title V permit application.

The stationary source is owned and operated by Anchorage Municipal Light and Power, and Anchorage Municipal Light & Power is the Permittee for the stationary source's operating permit. The SIC code for this stationary source is 4911 – Electrical Services.

The Hank Nikkels Plant One is an electric service facility that provides power for the Municipality of Anchorage.

EMISSION UNIT INVENTORY AND DESCRIPTION

Under 18 AAC 50.326(a), the Department requires operating permit applications to include identification of all emissions-related information, as described under 40 CFR 71.5(c)(3).

The emission units at the Hank Nikkels Plant One classified that have specific monitoring, recordkeeping, and reporting requirements are listed in Table A of Operating Permit No. AQ0202TVP02.

Table A of Operating Permit No. AQ0202TVP02 contains information on the emission units regulated by this permit as they were described in the application. Emission Units 7 and 8, Diesel Fuel Storage Tanks, with capacities of 105,000 gallons and installed in 1995 have been removed from the inventory because they are no longer regulated under 40 C.F.R. Subparts K, Ka, and Kb. Miscellaneous fugitive emissions have also been removed from the inventory. The minor permit AQ0202MSS01 has added emission Units IDs 3A and 10, GE LM2500+ and a Pre-heater to the inventory. The GE LM2500+, identified as EU ID 3A, replaces the Westinghouse W-191-G, EU 3. The Westinghouse W-191-G (EU 3) may not be operated after the GE LM2500+ is installed. Table A is provided for informational and identification purposes only. Specifically, the source rating/size provided in the table is not intended to create an enforceable limit.

EMISSIONS

A summary of the potential to emit (PTE)¹ and assessable PTE as indicated in the minor permit application for minor permit No. AQ0202MSS01, that was finalized on July 17, 2006 for the Hank Nikkels Plant One is shown in the table below.

¹ *Potential to Emit or PTE means the maximum capacity of a stationary source to emit a pollutant under its physical or operational design. Any physical or operational limitation on the capacity of the source to emit a pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design if the limitation or the effect it would have on emissions is federally enforceable. Secondary emissions do not count in determining the potential to emit of a stationary source, as defined in AS 46.14.990(23), effective 12/3/05.*

Table C - Emissions Summary, in Tons Per Year (TPY)

Pollutant	NO _x	CO	PM-10	SO ₂	VOC	HAPs (Part of VOCs)	Total
PTE	3843.1	612.6	64.4	2004.3	61.4	5.0	6590.8
Assessable PTE	3843.1	612.6	64.4	2004.3	61.4	0	6585.8

The PTE for the Westinghouse W-191-G turbine assumes continuous annual operation of 8,760 hours for firing on both natural gas and diesel fuel. The PTE for this Emission Unit was the larger emitter of each pollutant for either gas or liquid fuel. For determining PSD applicability, baseline actual emissions from the Westinghouse W-191-G were calculated using the 2-year average annual emissions over 24-months between October 2001 and September 2003. As shown in Table 3-3 of the minor permit's Technical Analysis Report (TAR), the source is subject to NO_x and CO emission limits. The calculated change from baseline actual emissions to projected actual emission is less than the PSD major modification thresholds for all regulated pollutants. Thereby, ML&P can avoid a PSD major source review. Detailed emission calculations are shown in Exhibit A of the TAR.

The conditions imposed by the minor permit will allow a 39 tpy increase in actual emissions: 38 tpy from the turbine, and one tpy from the preheater. The preheater emission rate depends on the use of low NO_x burners and on firing only natural gas. Therefore, these have become conditions in the minor permit.

The assessable PTE listed in Condition 35.1 is the sum of the emissions of each individual regulated air pollutant for which the stationary source has the potential to emit quantities greater than 10 TPY. The emissions listed in Table A are estimates that are for informational use only. The listing of the emissions does not create an enforceable limit to the stationary source. In accordance with the Department's billing regulations under 18 AAC 50.410, ML&P is required to pay assessable fees for each air pollutant in excess of 10 tpy. Fees may be based on either potential or actual emissions.

The calculated HAPs emissions listed in Table C are based on calculations submitted by ML&P on July 5, 2007.

BASIS FOR REQUIRING AN OPERATING PERMIT

In accordance with AS 46.14.130(b), an owner or operator of a Title V source² must obtain a Title V permit consistent with 40 C.F.R. Part 71, as adopted by reference in 18 AAC 50.040.

Except for sources exempted or deferred by AS 46.14.120(e) or (f), AS 46.14.130(b) lists three categories of sources that require an operating permit:

- (1) A major source;
- (2) A stationary source subject to federal new source performance standards or national emission standards;
- (3) Another stationary source designated by the federal administrator by regulation.

² "Title V source" means a stationary source classified as needing a permit under AS 14.130(b) [ref. 18 AAC 50.990(111)].

This stationary source is further classified under 18 AAC 50.326(a) and 40 CFR 71.3(a) as

- a) Directly emitting, or has the potential to emit, 100 tpy or more of any air pollutant,

CURRENT AIR QUALITY PERMITS

Previous Air Quality Permit to Operate

The most recent permit issued for this stationary source is permit-to-operate number AQ0202TVP01, Revision 2. This permit-to-operate include all construction authorizations issued through April 10, 2006. All stationary source-specific requirements established in this previous permit are included in the new operating permit as described in Table D.

Construction Permits

Construction Permit No. AQ0202MSS01 was issued to the stationary source on July 17, 2006. The stationary source-specific requirements established in this construction permit are included in the new operating permit as described in Table E.

Title V Operating Permit Application, Revisions and Renewal History

The owner or operator submitted an application on December 2, 1997

The application was complete on January 27, 1998

Additional information was received during August 2000 after a technical review of the permit application.

An administrative revision (No. 2) to the Title V Operating Permit No. 202TVP01 was requested on March 11, 2003 to update facility identification information in Section 1 of the Title V Operating Permit.

An application for renewal of Title V Operating Permit No. 202TVP01 was submitted October 4, 2005

The application for renewal was deemed complete on December 12, 2005

An application for a minor permit for an owner requested limit (ORL) was submitted for EU IDs 3A and 10 on March 2006

Minor permit AQ0202MSS01 was finalized on July 17, 2006

Additional information for EUs 3A and 10 was requested for incorporation into the renewal permit on May 24, 2007.

Additional information was received in a letter from ML&P dated June 6, 2007 which included an applicability analysis for Title V for EU IDs 3A and 10.

An administrative revision (No. 1) to the Title V Operation Permit No. AQ0202TVP02 was made in response to an informal review of the Operating Permit. Revision 1 incorporates the findings of the review in regard to the selected monitoring under the NSPS Subpart KKKK. Additionally, the permit was updated to the current citations and language found in the Department's standard permit template.

COMPLIANCE HISTORY

The stationary source has operated at its current location since 1962. Review of the permit files for this stationary source, which includes the past inspection reports indicate a stationary source generally operating in compliance with its operating permit.

APPLICABLE REQUIREMENTS FROM PRE-CONSTRUCTION PERMITS

Incorporated by reference at 18 AAC 50.326(j), 40 C.F.R. Part 71.6 defines “applicable requirement” to include the terms and conditions of any pre-construction permit issued under rules approved in Alaska’s State Implementation plan.

Alaska’s State Implementation Plan included the following types of pre-construction permits:

- Permit-to-operate issued before January 18, 1997 (these permits cover both construction and operations);
- Construction Permits issued after January 17, 1997; and
- Minor permits issued after October 1, 2004.

Pre-construction permit terms and conditions include both source-specific conditions and conditions derived from regulatory applicable requirements such as standard conditions, generally applicable conditions and conditions that quote or paraphrase requirements in regulation.

These requirements include, but not limited to, each facility-specific requirement established in the most recent operating permit or in any other construction permit issued under 18 AAC 50 that are still in effect at the time of permit issuance. Tables B and C below lists the requirements carried over from Permit-to-Operate No. AQ0202TVP01 and Minor Permit No. AQ0202MSS01 into Operating Permit No. AQ0202TVP02.

Table D - Comparison of Previous Permit-to-Operate No. AQ0202TVP01, Revision 2 conditions to Operating Permit No. AQ0202TVP02 conditions³

Permit No. AQ0202TVP01, Revision 2 condition number	Description of Requirement	Permit No. AQ0202TVP02 condition Number	How condition was revised
1-2	Fee Requirements	34-35	Updated for clarity.
1-2	Fee Requirements	34, 35, 36	Updated for clarity.
3	Visible Emissions	1, 2, 3, 4, and 6	Updated for clarity. Information carried forward from AQ0202TVP01. EU IDs 3A and 10 referenced.
4	Particulate Matter	5 and 6	Updated for clarity. EU IDs 3A and 10 incorporated.
5	Sulfur Compound Emissions	10	Wording updated for clarity. EU IDs 3A and 10 referenced specifically.

³ This table does not include all standard and general conditions.

Permit No. AQ0202TVP01, Revision 2 condition number	Description of Requirement	Permit No. AQ0202TVP02 condition Number	How condition was revised
6	Volatile Organic Liquid Storage Vessels	N/A	Deleted
7	Burning used oil	N/A	Deleted. ML&P requests that the ADEC reword the conditions to omit any reference to the use of off-specification used oil. Specifically, ML&P requests that strike all reference to off-specification to used oil. ML&P has no intention of burning off-specification used oil nor will ML&P blend off-specification oil with virgin oil.
8-11	Insignificant Sources	16, 17, 18, 19	Updated for clarity.
12	Asbestos NESHAP	43	Updated for clarity.
13	Refrigerant Recycling and Disposal	44	Updated for clarity.
14	Facilities Containing NSPS Sources	20, 21, 22, 26, 27, 0	Section added due to Minor permit AQ0202MSS01, and additional information to operating permit renewal application. EU IDs 3A and 10 referenced specifically.
15	Good air pollution control practice.	N/A	condition deleted.
16	Dilution	38	Updated for clarity.
17	Open Burning	Deleted	Requested deletion by Permittee
18	Air Pollution Prohibited	41	Updated for clarity.
19	Technology based emission standard	42	Updated for clarity.
20	Permit Renewal	68	Updated for clarity.
21-28	General Source Testing and Monitoring Requirements	Section 6	Updated for clarity. Information from permit AQ0202MSS01 incorporated. EU IDs 3A and 10 referenced specifically.
29	Certification	57	Updated for clarity.
30	Submittals	58	Updated for clarity.
31	Information Requests	59	Updated for clarity.
32	Record Keeping Requirements	56	Updated for clarity.

Permit No. AQ0202TVP01, Revision 2 condition number	Description of Requirement	Permit No. AQ0202TVP02 condition Number	How condition was revised
33	Excess emission and Permit Deviation Reports	60	Updated for clarity.
34	NSPS and NESHAP Reports	63	Updated for clarity.
35	Facility Operating Reports	61	Updated for clarity.
36	Annual Compliance Certification	62	Updated for clarity.
37-44	Standard conditions not otherwise included in the permit.	21-22, 61-67 31, 32, 33, 69, 70, 71, 72, 73.	Updated for clarity.
45-48	Permit as a shield from inapplicable requirements.	Section 10	Updated for clarity. EU IDs 7-8 included in this section as they relate to 40 C.F.R. 60 Suppart Kb.
49-55	Visible Emissions and Particulate Matter Monitoring Plan	2, 3, 4, 5, 6	Updated for clarity.
N/A	Pre-Construction Permit Requirements to Avoid PSD Classification (EU IDs 3A and 10)	14	condition was copied as written in permit AQ0202MSS01. No revisions were made. EU IDs 3A and 10 referenced specifically. One-time permit requirements were removed
N/A	Reasonable Precautions to Prevent Fugitive Dust	39	Added because it is an applicable requirement.
N/A	Stack Injection	40	ML&P's Plant 1 does not contain a source (other than storage tanks) constructed or modified after November 1, 1982.
N/A	NESHAPs Applicability Determinations	45	Applicable requirement.
N/A	Halon Prohibitions	Deleted	Permittee does not have a Halon system
N/A	Recordkeeping Requirements	Section 7	Applicable requirement.
N/A	Permit Changes and Renewal	Section 8	Applicable requirement.
N/A	Turbine Swapping	Condition 15	New requirement providing MR&R for a replacement turbine.

Table E - Comparison of Permit No. AQ0202MSS01 conditions to Operating Permit No. AQ0202TVP02 conditions⁴

Permit No. AQ0202MSS01 condition number	Description of Requirement	Permit No. AQ0202TVP02 Condition Number	How condition was revised
2	Emission Unit Inventory	Section 2	Condition was copied as written in permit No. AQ0202MSS01. No revisions were made.
3	Emission Unit Inventory	Section 2	Condition was copied as written in permit No. AQ0202MSS01. No revisions were made.
4	Requirements to Avoid PSD Major Classification. NO _x and CO Limits. For the GE LM2500+ turbine Emission Unit 3A.	11	Condition was copied as written in permit No. AQ0202MSS01. No revisions were made.
5	Requirements to Avoid PSD Major Classification. Continuous NO _x Emissions Monitoring, Recordkeeping, and Reporting.	12	Condition was copied as written in permit No. AQ0202MSS01. No revisions were made.
6	Requirements to Avoid PSD Major Classification. Continuous CO Emissions Monitoring, Recordkeeping, and Reporting.	13	Condition was copied as written in permit No. AQ0202MSS01. No revisions were made.
7	Emission Fees	35	Condition was copied as written in permit No. AQ0202MSS01. No revisions were made.
8	General Source Testing and Monitoring Requirements	14	Condition was copied as written in permit No. AQ0202MSS01. No revisions were made.

⁴ This table does not include all standard and general conditions.

STATEMENT OF BASIS FOR THE PERMIT CONDITIONS

The state and federal regulations for each condition are cited in Operating Permit No. AQ0202TVP02. The Statement of Basis provides the legal and factual basis for each term and condition as set forth in 40 C.F.R. 71.6(a)(1)(i).

Conditions 1 - 4, and 9 Visible Emissions Standard and MR&R

Legal Basis: These conditions ensure compliance with the applicable requirements in 18 AAC 50.050(a) and 18 AAC 50.055(a).

- 18 AAC 50.055(a) applies to the operation of fuel-burning equipment and industrial processes. EU IDs 1 – 6 and 10 are fuel-burning equipment.

U.S. EPA incorporated these standards as revised in 2002 into the State Implementation Plan effective September 13, 2007.

Factual Basis: Condition 1 prohibits the Permittee from causing or allowing visible emissions in excess of 18 AAC 50.055(a)(1).

Visible emission monitoring, record-keeping and reporting is the same for both applicable requirements. The Permittee must monitor, record-keep and report emissions in accordance with Conditions 2 through 4, and 6 of the permit.

The Department determined during rulemaking that the standard conditions adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate the unit-specific or stationary-source-specific conditions would better meet the requirements. Therefore, the Department concludes that the standard conditions meet the requirements of 40 C.F.R. 71.6(a)(3).

Gas Fired:

Monitoring – The monitoring of gas fired sources for visible emissions is waived, i.e. no source testing will be required. The Department has found that natural gas fired equipment inherently has negligible PM emissions. However, the Department can request a source test for PM emissions from any smoking equipment.

Reporting – The Permittee must annually certify that only gaseous fuels are used in the equipment.

Liquid Fired Burning Equipment:

Monitoring – The visible emissions may be observed by either Method-9 or the Smoke/No Smoke plans as detailed in Condition 2. Corrective actions such as maintenance procedures and either more frequent or less frequent testing may be required depending on the results of the observations.

Recordkeeping - The Permittee is required to record the results of all visible emission observations and record any actions taken to reduce visible emissions.

Reporting - The Permittee is required to report: 1) emissions in excess of the federal and the state visible emissions standard and 2) deviations from permit conditions. The Permittee is required to include copies of the results of all visible emission observations with the stationary source operating report.

Dual Fuel-Fired Units:

For EU IDs 1, 2 & 4, as long as they operate only on gas, monitoring consists of an annual certification that only gaseous fuels were used in the equipment. When any of these sources operates on a backup liquid fuel for more than 400 hours in a calendar year, monitoring as detailed in Condition 6 is required for that source in accordance with Department Policy and Procedure No. AWQ 04.02.103, Topic # 2, 10/8/04. When any of these sources operates on a backup liquid fuel for less than 400 hours in a calendar year, monitoring for that source consists of an annual certification of compliance with the opacity standard. The 400-hour trigger for additional monitoring applies to each individual unit and not as a combined total for all units.

Conditions 5 and 6, Particulate Matter (PM) Standard

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.055(b). This requirement applies to operation of all industrial processes and fuel burning equipment in Alaska.

- EU IDs 1 – 6 and 10 are fuel-burning equipment.

These PM standards also apply because they are contained in the federally approved SIP effective September 13, 2007.

Factual Basis: Condition 5 prohibits emissions in excess of the state PM (also called grain loading) standard applicable to fuel-burning equipment and industrial processes. The Permittee shall not cause or allow fuel-burning equipment nor industrial processes to violate this standard.

MR&R requirements are listed in Conditions 6 – 9 of the permit.

The Permittee must establish by actual visual observations which can be supplemented by other means, such as a defined Stationary Source Operation and Maintenance Program, that the stationary source is in continuous compliance with the State's emission standards for particulate matter.

Gas Fired Fuel Burning Equipment:

For gas fired emission units, MR&R conditions are Standard Condition VIII adopted into regulation pursuant to AS 46.14.010(e). The Department determined that these standard conditions adequately meet the requirements of 40 CFR 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard conditions meet the requirements of 40 CFR 71.6(a)(3).

Although periodic PM monitoring of gas-fired units is waived, the Department has the discretion to request a source test for PM emissions from any fuel burning equipment under 18 AAC 50.220(a) and 345(l).

Liquid Fuel Fired Burning Equipment:

For liquid fuel units the MR&R conditions are Standard Condition IX adopted into regulation pursuant to AS 46.14.010(e). The Department determined that these standard Conditions adequately meet the requirements of 40 CFR 71.6(a)(3). No emission unit or stationary

source operational or compliance factors indicate that unit-specific or stationary-source specific Conditions would better meet these requirements. Therefore, the Department concluded that the standard conditions meet the requirements of 40 CFR 71.6(a)(3).

Dual Fuel-Fired Units:

For EU IDs 1, 2, and 4, as long as they operate only on gas, monitoring consists of an annual certification that only gaseous fuels were used in the equipment akin to the gas fired standard permit Condition VIII. When any of these emission units operates on a backup liquid fuel for more than 400 hours in a calendar year, liquid fuel monitoring as detailed in Conditions 9 is required for that unit in accordance with Department Policy and Procedure No. AWQ 04.02.103, Topic # 2, 10/8/04. When any of these units operates on a backup liquid fuel for less than 400 hours in a calendar year, monitoring for that unit consists of an annual certification of compliance with the particulate matter standard. The 400-hour trigger for additional monitoring applies to each individual unit and not as a combined total for all units.

Condition 7, VE & PM MR&R for Emission Units 5 and 6

Legal Basis: This condition ensure compliance with the applicable requirements in 18 AAC 18 AAC 50.055(a).

- 18 AAC 50.055(a) applies to visible emissions from the operation of fuel-burning equipment and industrial processes. EU IDs 5 and 6 are fuel-burning equipment.

Factual Basis: Condition 7 sets forth the visible emission and particulate matter emission monitoring, recordkeeping, and reporting requirements for stationary diesel engines. The stationary source operates these engines to black start the power plant and supply emergency electrical power generation. Historically, the stationary source operates the emission units for an hour each month to test the availability of the units in the event of loss of electrical power.

These emission units do not normally operate continuously or for extended periods, therefore; Standard Permit Condition IX, as adopted by reference in 18 AAC 50.346(c), is not applicable. The Department has implemented separate monitoring, recordkeeping, and reporting procedures for these emission units that meets the requirement of 18 AAC 50.

The condition provides an opportunity for the source to show compliance with the VE standard and the particulate matter standard. The Department realizes that at times the stationary source will start these units during unplanned events. At these times, a person certified to take Method 9 visual emission observation may not be available. To prevent the stationary source from starting the emission unit/s for the sole purpose of conducting a VE observation, the source may defer the VE observation until the next scheduled operation of the emission unit.

Environmental reasons that could preclude taking a VE observation include but are not limited to low light, low visibility, fog, rain, and heavy snow.

Conditions 8 and 9, Liquid fuel monitoring for Emission Units 5 and 6

Legal Basis: These condition ensure compliance with the applicable requirements in 18 AAC 18 AAC 50.055(b).

- 18 AAC 50.055(b) applies to the particulate matter emitted from fuel-burning equipment.

Factual Basis: These conditions prohibit emissions in excess of the state PM (also called grain loading) standard applicable to fuel-burning equipment. The Permittee shall not cause or allow fuel-burning equipment to violate this standard.

Condition 9 lists the MR&R requirements for these emission units if operated for more than 500 hours per calendar year.

These emission units do not operate continuously or for extended periods, therefore; the Department developed distinct requirements for these emission units separate from Standard Permit Condition IX.

Condition 9.2b was modified from the standard permit condition to eliminate possible confusion. The words “and not more than 20 percent” were removed from the condition.

Condition 10, Sulfur Compound Emissions

Legal Basis: This condition requires the Permittee to comply with the sulfur compound emission standard for all fuel-burning equipment and industrial processes in the State of Alaska.

- EU IDs 1 – 6 and 10 are fuel-burning equipment.

These sulfur compound standards also apply because they are contained in the federally approved SIP effective September 13, 2007.

Factual Basis: The condition requires the Permittee to comply with the sulfur compound emission standard applicable to fuel-burning equipment. The Permittee may not cause or allow the affected equipment to violate this standard.

Sulfur dioxide comes from the sulfur in the fuel (e.g. coal, natural gas, fuel oils).

Liquid Fuels:

For oil fired fuel burning equipment the MR&R conditions are Standard Condition XI and XII adopted into regulation pursuant to AS 46.14.010(e). These conditions have been modified in this permit as follows. The Department corrected Condition 10.2 to replace the text “...method listed in 18 AAC 50.035 or an alternative method approved by the Department” with “...method listed in 18 AAC 50.035(b)-(c) and 40 C.F.R. 60.17 incorporated by reference in 18 AAC 50.040(a)(1)”. The text “...or an alternative method approved by the Department” was discarded during the Revised Action Plan submitted to EPA on July 15, 2007, as a result of the EPA Audit of the September 2006 Title V Program Review. This text is not to be used in subsequent permits since it allows a Permittee to bypass the public process for changing monitoring requirements by submitting off-record requests to change monitoring methods.

Beyond as noted above, the Department has previously determined that the standard conditions adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No additional emission unit or stationary source operational or compliance factors indicate the unit-specific or stationary-source-specific conditions would better meet the requirements. Therefore, the

Department concludes that the standard conditions as modified meets the requirements of 40 C.F.R. 71.6(a)(3).

Gaseous Fuels:

Fuel sulfur testing will verify compliance with SO₂ emission standard. Mercaptans are a concentrated thiol molecule (e.g. ethanethiol) composed of hydrogen and sulfur used to detect the presence of natural gas by its strong odor as in t-butyl-mercaptan. Basically, it is the mercaptan that allows the presence of gas to be detected by its odor, so it is naturally used as a leak detectant. However, by that same token it significantly raises the sulfur content of the natural gas and should be accounted for in determining compliance with the State sulfur compound emissions standard. The Department has therefore revised the basic MR&R requirements to monitor the total sulfur quantity, instead of H₂S concentration, in the natural gas fuel due to the presence of mercaptans in the gas supply which raise the sulfur concentration.

Condition 10.5b requires the Permittee to conduct a semiannual analysis for the fuel gas sulfur content using either ASTM D4084, D5504, D4810, D4913, D6228 or GPA Standard 2377, or a listed method approved in 18 AAC 50.035(b)-(c) and 40 C.F.R. 60.17 incorporated by reference in 18 AAC 50.040(a)(1).

The Permittee is required to report as State excess emissions whenever the fuel combusted causes sulfur compound emissions to exceed the standards in this condition. The Permittee is required to include copies of the records of semiannual statement from the fuel supplier or the sulfur content analysis with the stationary source operating report.

Condition 11 - 14, Pre-Construction Permit Requirements

Legal Basis: The Permittee is required to comply with all effective stationary source-specific requirements that were carried forward from previous EPA PSD permits, SIP approved permits to operate issued before January 18, 1997, SIP approved construction permit(s), SIP approved minor permits, operating permits issued between January 18, 1997 and September 30, 2004, or owner requested limits established under 18 AAC 50.225. These requirements include Best Available Control Technology limits, limits to ensure compliance with the attainment or maintenance of ambient air quality standards or maximum allowable ambient concentrations, and owner requested limits. State pre-construction requirements apply because they were originally developed through case-by-case action under a federally approved SIP or approved Operating Permit program. EPA approved the latest SIP effective September 13, 2007.

Factual Basis: ML&P requested a limit on NO_x emissions from the GE LM2500+ to 60.9 tpy and CO emissions to 103.2 tpy from the turbines to avoid classification as a PSD major stationary source. ML&P is using the enforceable limits as projected actual emissions. To demonstrate compliance with the NO_x and CO limits, ML&P will monitor NO_x and CO emissions from the LM2500+ using a CEMS.

The Department found that no limits on operation of the air pre-heater are necessary provided the limits on the GE LM2500+ are maintained. The Department found NO_x and CO emission from the pre-heater would be measured by a CEMS and therefore no monitoring requirements were added for the pre-heater. The Permittee is required to have records

demonstrating conformity with the operational requirement given in the attachments to the Title I Permit No. AQ0202MSS01 as specified in Condition 4.

The Department has included conditions to install and operate the CEMS, and perform at least once every four calendar quarters, a Relative Accuracy Test Audit (RATA) as set out in 40 CFR 60.13, and 40 CFR 60, Appendix F, and the Quality Assurance Handbook For Air Pollution Measurements.

Condition 15, Temporary Replacement Turbine

Legal Basis: The Permittee is required to limit emissions for EU ID 3A in Condition 11 and report emissions of NO_x and CO in Conditions 12 and 13. The stationary source needs to have the means to use a substitute turbine during periods when the existing turbine is shipped to the factory or centralized repair center for extensive maintenance. Extensive maintenance includes but is not limited to hot section overhaul and major overhaul.

Factual Basis: Condition 15 allows the Permittee to replace the turbine in EU ID 3A with a like-in-kind replacement turbine on a temporary basis. Condition 15.1 ensures that emissions from a replacement turbine count towards the emission limits in Condition 11. Conditions 15.2 and 15.3 require the Permittee to calculate emissions of NO_x and CO of the replacement turbine as required by Conditions 12 and 13. Condition 15.4 reiterates that a replacement turbine is subject to the same conditions and terms that apply to EU ID 3A. Condition 15.5 requires the Permittee to report turbine-swapping activities for EU ID 3A in the stationary sources' operating report.

This condition does not relieve the stationary source from the provisions of AS 46.14 and 18 AAC 50 when installing a replacement unit to include any applicable minor or construction permits.

Although the Permittee could authorize the use of a replacement turbine under Condition 66 *Off Permit Changes*, the Permittee requested this condition be inserted into the permit to limit any confusion. The Permittee is still responsible for any minor permitting requirements a replacement turbine might require and the notification requirements contained in 40 CFR 71.6.

Permit shields that may extend to the existing turbine in EU ID 3A do not extend to a replacement turbine if that turbine is subject to the NSPS requirement.

Conditions 16 - 19, Insignificant Emission Units

Legal Basis: The Permittee is required to meet state emission standards set out in 18 AAC 50.055 for all industrial processes fuel-burning equipment, and incinerators regardless of size.

Factual Basis: These conditions re-iterate the emission standards and require compliance for insignificant emission units. The Permittee may not cause or allow their equipment to violate these standards. Insignificant sources are not listed in the permit unless specific monitoring, recordkeeping and reporting are necessary to ensure compliance.

The Department finds that the insignificant units at this stationary source do not require specific monitoring, recordkeeping and reporting to ensure compliance under these conditions.

Condition 16 requires certification that the sources did not exceed state emission standards during the previous year and did not emit any prohibited air pollution.

Conditions 20 - 27, NSPS Subpart A Requirements

Legal Basis The Permittee must comply with those New Source Performance Standard (NSPS) provisions incorporated by reference the NSPS effective July 1, 2004, for specific industrial activities, as listed in 18 AAC 50.040⁵.

Most affected facilities (with the exception of some storage tanks) sources subject to an NSPS are subject to Subpart A. Emission unit ID 3A is subject to NSPS Subpart KKKK and therefore subject to Subpart A.

Condition 20.1 through 20.3 - The Permittee has already complied with the notification requirements in 40 C.F.R. 60.7 (a)(1) - (4) for EU IDs 3A and 10. However, the Permittee is still subject to these requirements in the event of a new NSPS affected facility or in the event of a modification or reconstruction of an existing facility into an affected facility.

Condition 20.4 - The requirements to notify the EPA and the Department of the date of a continuous monitoring system performance demonstration, no less than 30 days before demonstration commences (40 C.F.R. 60.7(a)(5) – (7)) are applicable to EU ID 3A only if a CMS is installed as an NSPS requirement. This requirement does not apply to EU ID(s) 3A and 10 if a CMS is installed under the periodic monitoring requirements of Condition 29.6.

Condition - 20.6 - The requirements to notify the EPA and the Department of any proposed replacement of components of an existing affected stationary source (40 C.F.R. 60.15) apply in the event that the fixed capital cost of the new components exceeds 50 percent of the fixed capital cost that would be required to construct a comparable entirely new facility.

Condition 21 - Start-up, shutdown, or malfunction record maintenance requirements in 40 C.F.R. 60.7(b) are applicable to all NSPS affected facilities subject to Subpart A.

Recordkeeping requirements in 40 C.F.R. 60.7(f) are applicable to all NSPS affected facilities (Satisfied by Condition 56).

Condition 22 - Good air pollution control practices in 40 C.F.R. 60.11 are applicable to all NSPS affected facilities subject to Subpart A (EU ID(s) 3A and 10).

Condition 26 - states that any credible evidence may be used to demonstrate compliance or establishing violations of relevant NSPS standards for EU ID(s) 3A and 10.

Condition 27 - Concealment of emissions prohibitions in 40 C.F. R. 60.12 are applicable to EU IDs 3A and 10.

Factual Basis: Subpart A contains the general requirements applicable to all affected facilities (sources) subject to NSPS. In general, the intent of NSPS is to provide technology-based emission control standards for new, modified and reconstructed affected facilities.

⁵ EPA has not delegated to the Department the authority to administer the NSPS program as of the issue date of this permit.

Conditions 29 & 30, NSPS Subpart KKKK

Legal Basis: Conditions 29 and 30 prohibit the Permittee from exceeding emission standards for NO_x and SO₂ set out in Subpart KKKK. Condition 29 reiterates the “good air pollution control practices” requirements for the affected emission unit. The Subpart applies to combustion turbines with a heat input at peak load equal to or greater than 10.7 gigajoules (10 MMBtu) per hour, based on the higher heating value of the fuel, which commenced construction, modification, or reconstruction after February 18, 2005. EU ID 3A meets these criteria and is therefore subject to these requirements.

Factual Basis: The EU ID 3A turbine is subject to the NO_x and SO₂ emission standards and the accompanying monitoring, recordkeeping, and reporting requirements under 40 CFR 60 subpart KKKK. This turbine is permitted to burn only pipeline quality natural gas. The Permittee has voluntarily accepted enforceable emission limits that will ensure that the proposed project will not result in a significant net emissions increase that would trigger PSD applicability. The Permittee has elected to use continuous emission rate monitoring systems to demonstrate continuous compliance with these limits. The Permittee has voluntarily accepted an enforceable emission limit that will ensure that the proposed project will not result in a significant net emissions increase that would trigger NSR applicability. The Permittee is required to use continuous fuel flow monitoring systems, in conjunction with performance test results, in order to demonstrate continuous compliance with this limit. For calculating emissions, the most recent performance test results shall be used to calculate emissions. The Permittee has voluntarily accepted enforceable emission limits that will ensure that the proposed project will not result in a significant net emissions increase that would trigger NSR applicability. The Permittee is required to use continuous fuel flow monitoring systems, in conjunction with performance test results, in order to demonstrate continuous compliance with this limit. For calculating emissions, the most recent performance test results shall be used to calculate emissions.

Conditions 31 - 33, Standard Terms and conditions

Legal Basis: These are standard conditions required under 18 AAC 50.345(a) and (e)-(g) for all operating permits. This provision is incorporated in the federally approved Alaska operating permit program of November 30, 2001, as updated effective November 9, 2008.

Factual Basis: These are standard conditions that apply to all permits.

Conditions 34, Administration Fees

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.400-405 as derived from AS 46.14.130. This condition requires the Permittee, owner, or operator to pay administration fees as set out in regulation. Paying administration fees is required as part of obtaining and holding a permit with the Department or as a fee for a Department action.

Factual Basis: The owner or operator of a stationary source who is required to apply for a permit under AS 46.14.130 shall pay to the Department all assessed permit administration fees. The regulations in 18 AAC 50.400-405 specify the amount, payment period, and the frequency of fees applicable to a permit action.

Conditions 35 - 36, Emission Fees

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.410-420. The regulations require all permits to include due dates for the payment of fees and any method the Permittee may use to re-compute assessable emissions.

Factual Basis: These emission fee conditions are Standard Condition I under 18 AAC 50.346(b) adopted pursuant to AS 46.14.010(e). The Department determined that these standard conditions adequately meet the requirements of AS 46.14.250. No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard conditions meet the requirements of AS 46.14.250.

These standard conditions require the Permittee to pay fees in accordance with the Department's billing regulations. The billing regulations set the due dates for payment of fees based on the billing date.

The default assessable emissions are generally potential emissions of each air pollutant in excess of 10 tons per year authorized by the permit (AS 46.14.250(h)(1)(A)).

The conditions allow the Permittee to calculate actual annual assessable emissions based on previous actual annual emissions. According to AS 46.14.250(h)(1)(B), assessable emissions are based on each air pollutant. Therefore, fees based on actual emissions must also be paid on any pollutant emitted whether or not the permit contains any limitation of that pollutant.

This standard condition specifies that, unless otherwise approved by the Department, calculations of assessable emission based on actual emissions use the most recent previous calendar year's emissions. Since each current year's assessable emission are based on the previous year, the Department will not give refunds or make additional billings at the end of the current year if the estimated emissions and current year actual emissions do not match.

The Department modified the standard condition to correct Condition 35.2 such that it referenced "submitted" (i.e., postmarked) rather than "received" in accordance with the timeframe of Condition 35.1.

Condition 37 Good Air Pollution Control Practice

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.346(b)(5) and applies to all emission units, **except** those subject to federal emission standards, those subject to continuous emission or parametric monitoring, and for insignificant emission units, i.e., except EU IDs 3A and 10.

Factual Basis: The condition requires the Permittee to comply with good air pollution control practices for all sources.

The Department adopted this condition under 18 AAC 50.346(b) as Standard operating Permit Condition VI pursuant to AS 46.14.010(e). The Department determined that this standard condition adequately meets the requirements of 40 CFR 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard condition meets the requirements of 40 CFR 71.6(a)(3).

Maintaining and operating equipment in good working order is fundamental to preventing unnecessary or excess emissions. Standard conditions for monitoring compliance with emission standards are based on the assumption that good maintenance is performed. Without appropriate maintenance, equipment can deteriorate more quickly than with appropriate maintenance. If appropriate maintenance is not applied to the equipment, the Department may have to apply more frequent periodic monitoring requirements (unless the monitoring is already continuous) to ensure that the monitoring results are representative of actual emissions.

The Permittee is required to keep maintenance records to show that proper maintenance procedures were followed, and to make the records available to the Department. The Department may use these records as a trigger for requesting source testing if the records show that maintenance has been deferred.

Condition 38, Dilution

Legal Basis: This condition prohibits the Permittee from using dilution as an emission control strategy as set out in 18 AAC 50.045(a). This state regulation applies to the Permittee because the Permittee is subject to emission standards in 18 AAC 50.

Factual Basis: The condition prohibits the Permittee from diluting emissions as a means of compliance with any standard in 18 AAC 50.

Condition 39, Reasonable Precautions to Prevent Fugitive Dust

Legal Basis: This condition requires the Permittee to use reasonable precautions when handling, storing or transporting bulk materials or engineering in an industrial activity in accordance with the applicable requirement in 18 AAC 50.045(d). Bulk material handling requirements apply to the Permittee because the Permittee will engage in bulk material handling, transporting, or storing; or will engage in industrial activity at the stationary source.

Factual Basis: The condition requires the Permittee to comply with 18 AAC 50.045(d), and take reasonable action to prevent particulate matter (PM) from being emitted into the ambient air.

The Department adopted this standard condition as Standard Operating Permit Condition X under 18 AAC 50.346(c) pursuant to AS 46.14.010(e). The Department determined that this standard condition adequately meets the requirements of 40 CFR 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard condition meet the requirements of 40 CFR 71.6(a)(3).

Condition 40, Stack Injection

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.045(e)-(f). It prohibits the Permittee from releasing materials other than process emissions, products of combustion, or materials introduced to control pollutant emissions from a stack (i.e. disposing of material by injecting it into a stack). Stack injection requirements apply to the stationary source because the stationary source contains a stack or source constructed or modified after November 1, 1982.

Factual Basis: No specific monitoring for this condition is practical. Compliance is ensured by inspections, because the source or stack would need to be modified to accommodate stack injection.

Condition 41, Air Pollution Prohibited

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.110. The condition prohibits the Permittee from causing any emission which is injurious to human health or welfare, animal or plant life, or property, or which would unreasonably interfere with the enjoyment of life or property. Air Pollution Prohibited requirements apply to the stationary source because the stationary source will have emissions.

Factual Basis: While the other permit conditions and emissions limitation should ensure compliance with this condition, unforeseen emission impacts can cause violations of this standard. These violations would go undetected except for complaints from affected persons. Therefore, to monitor compliance, the Permittee must monitor and respond to complaints.

ADEC adopted this standard condition into 18 AAC 50.346(a) pursuant to AS 46.14.010(e). The Department determined that this condition adequately meet the requirements of 40 CFR 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard condition meets the requirements of 40 CFR 71.6(a)(3).

The Permittee is required to report any complaints and injurious emissions. The Permittee must keep records of the date, time, and nature of all complaints received and summary of the investigation and corrective actions undertaken for these complaints and to submit copies of these records upon request of the Department.

Condition 42, Technology-Based Emission Standard

Legal Basis: The Permittee is required to take reasonable steps to minimize emissions if certain activity causes an exceedance of any technology-based emission standard in this permit. This condition ensures compliance with the applicable requirement in 18 AAC 50.235. Technology Based Emission Standard requirements apply to the stationary source because the stationary source contains equipment subject to a technology-based emission standard, such as BACT, MACT, LAER, NSPS or other “technologically feasible” determinations.

Factual Basis: The conditions of this permit list applicable technology-based emission standards and require excess emission reporting for each standard in accordance with Condition 60. Excess emission reporting under Condition 60 requires information on the steps taken to minimize emissions. Monitoring of compliance for this condition consists of the report required under Condition 60.

Condition 43, Asbestos NESHAP

Legal Basis: The condition requires the Permittee to comply with asbestos demolition or renovation requirements in 40 C.F.R. 61, Subpart M. This condition ensures compliance with the applicable requirement in 18 AAC 50.040(b)(1) and (2)(F). The asbestos demolition

and renovation requirements apply if the Permittee engages in asbestos demolition or renovation.

Factual Basis: Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient to ensure compliance with these federal regulations.

Condition 44, Refrigerant Recycling and Disposal

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.040(d) and applies if the Permittee engages in the recycling or disposal of certain refrigerants. The condition requires the Permittee to comply with the standards for recycling and emission reduction of refrigerants set forth in 40 C.F.R. 82, Subpart F that will apply if the Permittee uses certain refrigerants.

Factual Basis: Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient to ensure compliance with this federal regulation.

Condition 45, NESHAPS Applicability Determinations

Legal Basis: This condition requires the Permittee to keep and make available to the Department copies of the major stationary source determination and applicability of specific federal regulations that may apply to its stationary sources.

Factual Basis: The Permittee has conducted an analysis of the stationary source and determined that it is not a major HAPs stationary source based on emissions. This condition requires the Permittee to keep and make available to the Department copies of the major stationary source determination.

Condition 46, Open Burning

Legal Basis: The open burning state regulation in 18 AAC 50.065 applies to the Permittee if the Permittee conducts open burning at the stationary source. Permittee has elected to not open burn at the facility.

Factual Basis: The Permittee has stated that the facility does not practice open burn.

Condition 47, Requested Source Tests

Legal Basis: The Permittee is required to conduct source tests as requested by the Department. The Department adopted this condition under 18 AAC 50.345(k) as part of its operating permit program approved by EPA November 30, 2001.

Factual Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.220(a) and applies because this is a standard condition to be included in all operating permits. Monitoring consists of conducting the requested source test.

Conditions 48 - 50, Operating conditions, Reference Test Methods, Excess Air Requirements

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.220(b) and apply because the Permittee is required to conduct source tests by this permit. The Permittee is required to conduct source test as set out in Conditions 48 through 50.

Factual Basis: These conditions supplement the specific monitoring requirements stated elsewhere in this permit. Compliance monitoring with Conditions 48 through 50 consist of the test reports required by Condition 55.

Condition 51, Test Exemption

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.345(a) and applies when the source exhaust is observed for visible emissions.

Factual Basis: As provided in 18 AAC 50.345(a), amended May 3, 2002, the requirements for test plans, notifications and reports do not apply to visible emissions observations by smoke readers, except in connection with required particulate matter testing.

Conditions 52 - 55, Test Deadline Extension, Test Plans, Notifications and Reports

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.345(l)-(o) and apply because the Permittee is required to conduct source test by this permit.

Factual Basis: Standard Conditions 18 AAC 50.345(l) - (o) are incorporated through these conditions. These standard conditions supplement specific monitoring requirements stated elsewhere in this permit. The source test itself monitors compliance with this condition.

Condition 56, Recordkeeping Requirements

Legal Basis: Applies because the Permittee is required by the permit to keep records.

Factual Basis: The condition restates the regulatory requirements for recordkeeping, and supplements the recordkeeping defined for specific conditions in the permit. The records being kept provide an evidence of compliance with this requirement.

Condition 57, Certification

Legal Basis: This condition requires the Permittee to comply with the certification requirement in 18 AAC 50.205 and applies to all Permittees under EPA's approved operating permit program of November 30, 2001.

Factual Basis: This standard condition is required in all operating permits under 18 AAC 50.345(j). This condition requires the Permittee to certify any permit application, report, affirmation, or compliance certification submitted to the Department. To ease the certification burden on the Permittee, the condition allows the excess emission reports to be certified with the stationary source report, even though it must still be submitted more frequently than the stationary source operating report. This condition supplements the reporting requirements of this permit.

Condition 58, Submittals

Legal Basis: This condition requires the Permittee to comply with standardized reporting requirement in 18 AAC 50.326(j) and applies because the Permittee is required to send reports to the Department.

Factual Basis: This condition lists the Department's appropriate address for reports and written notices. The Permittee is required to submit an original and one copy of reports, compliance certifications, and other submittals required by this permit. Receipt of the submittal at the correct Department office is sufficient monitoring for this condition. This condition supplements the standard reporting and notification requirements of this permit.

Condition 59, Information Requests

Legal Basis: This condition requires the Permittee to submit requested information to the Department. This is a standard condition from 18 AAC 50.345(i) of the state approved operating permit program effective November 30, 2001.

Factual Basis: This condition requires the Permittee to submit information requested by the Department. Monitoring consists of receipt of the requested information.

Condition 60, Excess Emission and Permit Deviation Reports

Legal Basis: This condition requires the Permittee to comply with the applicable requirement in 18 AAC 50.235(a)(2) and 18 AAC 50.240. Also, the Permittee is required to notify the Department when emissions or operations deviate from the requirements of the permit.

Factual Basis: This condition satisfies two state regulations related to excess emissions - the technology-based emission standard regulation and the excess emission regulation. Although there are some differences between the regulations, the condition satisfies the requirements of each regulation.

The Department adopted this condition as Standard Operating Permit Condition III under 18 AAC 50.346(c) pursuant to AS 46.14.010(e). The Department made a correction to the Standard Operating Permit Condition III to allow identical reporting methodology for both Excess Emissions and Permit Deviations reports which use identical forms and should have identical submissions methods. Beyond as noted above, the Department has previously determined that the standard conditions adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No additional emission unit or stationary source operational or compliance factors indicate the unit-specific or stationary-source-specific conditions would better meet the requirements. Therefore, the Department concludes that the standard conditions as modified meets the requirements of 40 C.F.R. 71.6(a)(3).

Section 13, Notification Form

The Department modified the notification form contained in Standard Permit Condition IV in a revised rulemaking dated August 20, 2008 to more adequately meet the requirements of Chapter 50, Air Quality Control. The modification consisted of correcting typos and moving failure to monitor/report and recordkeeping to the permit deviations Section 2.

Condition 61, Operating Reports

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.346(b)(6) and applies to all permits.

Factual Basis: The condition restates the requirements for reports listed in regulation. The condition supplements the specific reporting requirements elsewhere in the permit. The reports themselves provide monitoring for compliance with this condition.

The Department used the Standard Permit Condition VII as adopted into regulations on August 20, 2008 pursuant to AS 46.14.010(e). The Department has made a correction to the Standard Permit Condition VII by changing the number of copies of documents to be submitted from “an original and two copies” to “an original and one copy”. Beyond as noted above, the Department has previously determined that the standard conditions adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No additional emission unit or stationary source operational or compliance factors indicate the unit-specific or stationary-source-specific conditions would better meet the requirements. Therefore, the Department concludes that the standard conditions as modified meets the requirements of 40 C.F.R. 71.6(a)(3).

Condition 62, Annual Compliance Certification

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.040(j)(4) and applies to all Permittees.

Factual Basis: This condition specifies the periodic compliance certification requirements, and specifies a due date for the annual compliance certification. Each annual certification provides monitoring records for compliance with this condition.

Condition 62.2 provides clarification of transition periods between an expiring permit and a renewal permit to ensure that the Permittee certifies compliance with the permit terms and conditions of the permit that was in effect during those partial date periods involved in the transition. No format is specified. The Permittee may provide one report certifying compliance with each permit term or condition and the effective permit at that time, or may chose to provide two reports – one certifying compliance with permit terms and conditions from January 1 until the date of expiration of the old permit, and a second report certifying compliance with terms and conditions in effect from the effective date of the renewal permit until December 31.

The Permittee is required to submit to the Department an original and one copy of an annual compliance certification report. The Permittee may submit one of the required copies electronically at their discretion. This change more adequately meets the requirements of 18 AAC 50 and agency needs, as the Department can more efficiently distribute the electronic copy to staff in other locations.

Condition 63, NSPS and NESHAP Reports

Legal Basis: The Permittee is required to provide the federal administrator and Department a copy of each emission unit report for units subject to NSPS or NESHAP federal regulations under 18 AAC 50.326(j)(4). 40 CFR 70 Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: The condition supplements the specific reporting requirements in 40 C.F.R. 60, 40 C.F.R. 61, and 40 C.F.R. 63. The reports themselves provide monitoring for compliance with this condition.

Conditions 64 Permit Applications and Submittals

Legal Basis: The Permittee may need to submit permit applications and related correspondence.

Factual Basis: Standard Permit Condition XIV directs the applicant to send copies of all application materials required to be submitted to the Department directly to the EPA, in electronic format if practicable. This condition shifts the burden of compliance from the Department to ensure that copies of application materials are submitted to EPA by transferring that responsibility to the Permittee

Condition 67 - 67, Permit changes and revisions requirements

Legal Basis: The Permittee is obligated to notify the Department of certain off-permit source changes and operational changes under 18 AAC 50.326(j)(4), 40 CFR 71.6(a)(10), (12), and (13) incorporated by reference under 18 AAC 50.040(j) require these provisions within this permit. 40 CFR 70 Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: These are conditions required in 40 CFR 71.6 for all operating permits to allow changes within a permitted stationary source without requiring a permit revision.

The Permittee did not request trading of emission increases and decreases as described in 71.6(a)(13)(iii).

Condition 68, Permit Renewal

Legal Basis: The Permittee must submit a timely and complete operating permit renewal application if the Permittee intends to continue source operations in accord with the operating permit program under 18 AAC 50.326(j)(3). The obligations for a timely and complete operating permit application are set out in 40 CFR 71.5 incorporated by reference in 18 AAC 50.040(j)(3). 40 CFR 70 Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: In accordance with AS 46.14.230(a), this operating permit is issued for a fixed term of five years after the date of issuance, unless a shorter term is requested by the permit applicant. The Permittee is required to submit an application for permit renewal by the specific dates applicable to Hank Nikkels Plant One as listed in this condition. As stated in 40 CFR 71.5(a)(1)(iii), submission for a permit renewal application is considered timely if it is submitted at least six months but no more than eighteen months prior to expiration of the operating permit. According to 71.5(a)(2), a complete renewal application is one that provides all information required pursuant to 40 CFR 71.5(c) and must remit payment of fees owed under the fee schedule established pursuant to 18 AAC 50.400. 40 CFR 71.7(b) states that if a source submits a timely and complete application for permit issuance (including renewal) the source's failure to have a permit is not a violation until the permitting authority takes final action on the permit application.

Therefore, for as long as an application has been submitted within the timeframe allowed under 40 CFR 71.5(a)(1)(iii), and is complete before the expiration date of the existing permit, then the expiration of the existing permit is extended and the Permittee has the right to operate under that permit until the effective date of the new permit. However, this protection shall cease to apply if, subsequent to the completeness determination, the applicant fails to submit by the deadline specified in writing by the Department any additional information needed to process the application. Monitoring, recordkeeping, and reporting for this condition consist of the application submittal.

Conditions 69 - 73, General Compliance Requirements and Schedule

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.326(j)(3). The Permittee is required to comply with these standard conditions set out in 18 AAC 50.345 included in all operating permits. 40 CFR 70 Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: These are standard conditions for compliance required for all operating permits.

Conditions 74 - 75, Permit Shield

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.326(j) and apply because the Permittee has requested that the Department shield the source from the applicable requirements listed under this condition under the Federally approved State operating program effective November 30, 2001

Factual Basis: Table B of Operating Permit No. AQ0202TVP02 shows the permit shield that the Department granted to the Permittee. The permit conditions set forth the requirements that the Department determined were not applicable to the stationary source. The following table shows the requests that were denied and the reasons that they were denied. The Department based the determinations on the permit application, past operating permit, likelihood for the source to become subject during the life of the permit, Title I permits and inspection reports.

Table F - Permit Shields Denied

Shield requested for:	Reason for shield request:	Reason for request denial:
40 C.F.R. 61	Not an affected facility, operation or industry.	Removing asbestos makes facility subject to 40 C.F.R. 61
40 C.F.R. 82	Not an affected facility, operation or industry.	Triggered if the Permittee uses certain refrigerants
40 C.F.R. 60 Subpart GG	The gas turbines were installed prior to applicability date.	Although the gas turbines were installed prior to the applicability date, they may become subject to the requirements if they undergo modification or reconstruction per 40 C.F.R. 60.330 (b).

Attachment A

Pollutant (Circle One—SO₂/NO_x/fuel sulfur)

Reporting period dates:

From _____ to _____

Company: _____

Emission Limitation _____

Address: _____

Monitor Manufacturer and Model No _____

Date of Latest CMS (CEMS and PEMS) Certification or Audit _____

Process Unit(s) Description: _____

Total source operating time in reporting period¹ _____

Figure 1 -- Summary Report -- Excess Emission and Monitoring System Performance

Emission data summary¹	CMS (CEMS and PEMS) performance summary¹
1. Duration of excess emissions in reporting period due to: a. Startup/shutdown _____ b. Control equipment problems _____ c. Process problems _____ d. Other known causes _____ e. Unknown causes _____ 2. Total duration of excess emission _____ 3. Total duration of excess emissions X (100)/[Total source operating time] _____ % ²	1. CMS (CEMS and PEMS) downtime in reporting period reporting period due to: a. Monitor equipment malfunctions _____ b. Non-Monitor equipment malfunctions _____ c. Quality assurance calibration _____ d. Other known causes _____ e. Unknown causes _____ 2. Total CMS (CEMS and PEMS) Downtime _____ 3. [Total CMS (CEMS and PEMS) Downtime] X (100)/[Total source operating time] _____ % ²

¹For opacity, record all times in minutes. For gases, record all times in hours.

²For the reporting period: If the total duration of excess emissions is 1 percent or greater of the total operating time or the total CMS (CEMS or PEMS) downtime is 5 percent or greater of the total operating time, both the summary report form and the excess emission report described in this condition shall be submitted.

On a separate page, describe any changes since last quarter in CMS, process or controls. I certify that the information contained in this report is true, accurate, and complete.

 Name

 Signature