

Memorandum of Meeting

DNREC – Air & Waste Management

Air Quality Management Section

Meeting Date: August 16, 2004 1:00-4:00 pm

Location: Division of Motor Vehicles Dover Conference Room, Dover, DE

Purpose: DG Regulatory Development Workgroup Meeting #6

Work Group Members:

AFFILIATION	NAME	PHONE #	E-MAIL ADDRESS	PRESENT?
American Lung Association	Martha Bogdan	302-655-7258	mbogdan@alade.org	NO
Conectiv	Stu Widom or Bob Jubic (alternate)	302-451-5319 302-454-4036	Stu.widom@conectiv.com Bob.jubic@conectiv.com	YES
Delaware Department of Corrections	Jerry Platt	302-739-5601	Jerry.platt@state.de.us	YES
Delaware Electric Cooperative	Bill Andrew	302-349-3174	bandrew@decoop.com	YES
Delaware Energy Office – DNREC	Suzanne Sebastian or Charlie Smisson (alternate)	302-739-1530	Suzanne.sebastian@state.de.us Charlie.smisson@state.de.us	YES
Delaware Farm Bureau	Robert Baker	302-697-3183	rlbaker28@earthlink.net	NO
Delaware Healthcare Association	Suzanne Raab-Long	302-674-2853	Suzanne@deha.org	YES
Delaware Nature Society	Seth Ross	302-368-5674	Sethross2001@yahoo.com	YES
Delaware Public Service Commission	Bruce H. Burcat or Bob Howatt or Kevin Neilson (alternates)	302-739-4247 302-739-3227 302-739-3228	bruce.burcat@state.de.us Robert.howatt@state.de.us Kevin.neilson@state.de.us	YES
Delmarva Poultry Industry, Inc.	Bill Satterfield	302-856-9037	Satterfield@dpichicken.com	YES
DNREC-AQM	Al Deramo	302-739-4791	Alfred.deramo@state.de.us	YES
DNREC-AQM	Mark A. Prettyman	302-739-4791	Mark.prettyman@state.de.us	YES
DNREC-AQM	Brad Klotz	302-323-4542	Bradley.klotz@state.de.us	NO
MBNA America	Galina Chadwick	302-457-5654	Galina.chadwick@mbna.com	NO
University of DE, Center for Energy & Environmental Policy	Dr. John Byrne or Melissa Turner or Leigh Glover (alternates)	302-831-8405	jbyrne@udel.edu mturner@udel.edu lglover@udel.edu	NO

Other Persons in Attendance

NAME	AFFILIATION	PHONE #	E-MAIL ADDRESS
Robert (Bobby) Jones	Duke Energy	302-672-6302	Bobby.jones@d-fd.com
Dominic Balascio	For Delaware Electric Cooperative	734-7401	dbalascio@delawarelaw.com
Ray Stevens	DE Vol. Firemen's Association	302-436-8374	rstevens@fast.net
David H. Thomas	City of Seaford	302-628-6020	dthomas@ce.net
Ariel Joven	Downes Associates	410-546-4422	ajoven@downesassociates.com
Mike Brown	DNREC DSWC	302-739-4411	Michael.brown@state.de.us
Steve Corazza	Renewable Energy Providers	302-653-6507	stevecorazza@aol.com
Ali Mirzakhali	DNREC-AQM	302-739-4791	Ali.mirzakhali@state.de.us
Joe Suchecki	Engine Manufacturers' Association	312-807-8734	jsuchecki@emamail.org
Daniel Corrigan	Delaware Municipal Electric Coop.	302-659-0200	dcorrigan@demec.net
Paul Sample	Tech. Advisory Office Legis. Council	302-656-3212	sample@bellatlantic.net
Jack Lebeau	Rentar Environmental	215-572-7033	sherijac@verizon.net
Ron Amirikian	DNREC-AQM	302-739-4791	Ronald.amirikian@state.de.us
Gilbert Holt	Lewes BPW	302-645-6512	gilhbpw@dmv.com

Minutes:

Mark Prettyman called the meeting to order at 1:05 pm. After introducing himself, Mr. Prettyman asked everyone present at the meeting to introduce themselves. Per the agenda which was distributed, Mr. Prettyman stated that the meeting would begin with an overview of the second draft of the regulation, followed by questions and comments on the second draft, and a discussion of the request for an exemption from the regulation by the Delaware Volunteer Firemen's Association.

Mr. Prettyman began with a presentation which summarized the questions and comments received on the first draft of the DG regulation. For each question or comment, he summarized the changes Air Quality Management (AQM) made to the second draft of the DG regulation to address the question/comment. He noted that there were still a few areas of the regulation which still may need to be worked on, such as adequately defining "emergency" and "distributed generation." The latter part of the presentation outlined new changes and additions to the second draft, in part due to the additional applicability of the regulation to combustion turbines. As part of the presentation, Mr. Prettyman included graphs from a U.S. Department of Energy document which summarized achievable emission limits by reciprocating engines, combustion turbines, and microturbines. Joe Suchecki (Engine Manufacturer's Association) pointed out that some of the graphs were mislabeled in that the emission rates achieved by reciprocating engines were by the use of aftertreatment controls. Mr. Prettyman said he would correct the information on those slides before distributing the presentation.

After the presentation, the workgroup discussed various issues/concerns related to the second draft of the regulation. Bob Howatt (Delaware Public Service Commission) asked about the basis for the 15MW size capacity found in Section 3, Emissions, above and below which are different emission standards. It was stated that the 15MW “cutoff” was used in part to correspond to the 15MW cutoff of the cap and trade program under the NOx SIP Call. Mr. Howatt suggested cutoffs of 10MW or 20MW to be consistent with PJM’s interconnection procedures for units above or below those sizes. Mr. Howatt stated that he would send Mr. Prettyman more information about these procedures in case there is potential to realign the cutoff to some other capacity size.

Bill Satterfield (Delmarva Poultry Industry) also had a few questions about the second draft. Mr. Satterfield was wondering how AQM would determine the “success” of this regulation. It was explained that the primary way AQM would determine the regulation’s success would be through attainment of the National Ambient Air Quality Standard (NAAQS) for ozone. This DG regulation is just one strategy being used to help in Delaware’s attainment of the 8-hour ozone NAAQS, which will be verified by the ambient air quality monitors throughout the state. Another question posed by Mr. Satterfield was whether or not DNREC intended to exempt portable generators from the regulation. It was explained to the workgroup that the portable generators are considered “mobile” nonroad engines and are subject to federal standards by the EPA. The Clean Air Act prevents state and local governments from regulating mobile nonroad engines, but it reserves the right of state and local governments to regulate emissions from “stationary” nonroad engines. The draft regulation already states that “this regulation applies to each new and existing generator...” and includes a definition of “stationary.” However, it was suggested that the applicability be re-worded to explicitly state the “exemption” for mobile generators so as to not cause any confusion. Mr. Satterfield asked if an owner can switch from having an “emergency generator” and reclassify it as a “distributed generator.” Mr. Prettyman stated that an owner may switch the operation of their generator in such a manner. While the regulation does not prohibit the owner from doing this, the second draft does contain a provision such that, if an “existing generator” does become part of any voluntary, demand-reduction program after September 1, 2003 (first draft originally stated Sept. 21, 2003, which was a typo), it will be considered “new” at that point and be subject to the emission standards for new generators. During ensuing discussions, it was suggested that the provision with this date may need to be revised to address the concerns of generator owners which the provision affects. Under the alternative requirements (instead of actual emission standards) for existing distributed generators of Section 3.2.1.2, Mr. Satterfield inquired as to the reason for the change in the requirement that a generator have a “standby power rating equal to or less than 450 kW,” to requiring a “prime power rating equal to or less than 300 kW.” As with the 15MW cutoff discussed previously, the 300 kW size was chosen since it corresponds to Regulation No. 12’s exemption from the demonstration of reasonably available control technology requirement by “any stationary internal combustion engine with a rated capacity of less than 450 hp of output power” (450 hp ≈ 335 kW). Additionally, Mr. Prettyman explained that, since the alternative requirements were included to address the generators which could

participate in the “rentar retrofit” cost-share program of the Sussex Conservation District, the capacity size was lowered to reflect a more realistic “maximum” capacity of a generator on a poultry farm. The change in wording from “standby power rating” to “prime power rating” was done in order to be consistent throughout the language of the regulation, since “prime power rating” is used multiple times. While these ratings may be different for a single generator, they do not differ by a significant amount (approx. 5-10%). Thus, “prime power rating” was substituted in the language so that all generators could be compared by a similar rating.

Stu Widom (Conectiv) voiced some concern over the inclusion of combustion turbines in the regulation and the emission rates with which they would have to comply. Though it was voiced at the 5th DG meeting that the regulation should apply to combustion turbines, Mr. Widom expressed concern over whether or not they should be classified as “distributed generation” and be subject to this regulation. Additionally, Mr. Widom stated that Conectiv’s turbines were already subject to many regulations, including RACT (reasonably available control technology), and that this regulation’s emission standards would be too restrictive. He stated that AQM was undertaking a “RACT review process” without going through the actual process. It was pointed out that, though the Conectiv turbines are subject to RACT, they still are emitting more pollutants, on an emission rate basis, than other turbines in Delaware. A focus of the regulation is to “clean up” generators via an output based standard on an emission rate basis, instead of a “potential to emit” basis in tons per year or an input based standard in lb/MMBtu. At this point, Bobby Jones (Duke Energy, Dover) spoke up and inquired why the regulation’s emission standards are not in lb/MMBtu, which is how emission rates are expressed within many permits. It was explained that many entities, including federal/state governments and manufacturers, are beginning to express emission rates on an output basis instead of an input basis, and this regulation includes output based standards to be consistent with this shift in thinking. It was also noted that lb/MMBtu could be mathematically converted to lb/MWh, using given constants and a generator’s efficiency, in case any generator is already subject to an input based emission standard.

After a short break, Bill Andrew (Delaware Electric Cooperative) made a few comments to the workgroup about how he felt the DG Regulation Development Workgroup was progressing. Mr. Andrew stated that what started out to be a collaborative process has fallen by the wayside. He does not believe that the business side of DG is being considered, and that AQM is not addressing the workgroup’s comments or concerns. He agrees that capacity issues are worsening in the state, and is concerned about the state not being able to meet the demand for electricity. Mr. Andrew does not believe that options such as microturbines are economically feasible, nor is achieving BACT-type emission requirements. He also believes that this regulation may “phase out” diesel engines. Mr. Andrew suggested that AQM “compare notes” with Mr. Suchecki to see what emission rates are achievable by engine manufacturers.

Ali Mirzakhilili (Program Administrator, AQM) responded to Mr. Andrew’s comments by stating that this *has* been a collaborative process, as proven by Mr. Prettyman’s presentation which outlined comments received on the first draft and changes made to

specifically address those comments. AQM takes everyone's concerns seriously and tries to address them. Specifically, he notes the accommodation for distributed generators at poultry farms, which the "exemption" from specific emission standards under Section 3.2.1.2 is geared toward. Mr. Mirzakhilili points out that AQM must also consider the health impacts from the emissions from generators, and address those impacts in the development of the regulation. He points out that the regulation is written to be technology- and fuel-neutral, so as to not promote one technology or fuel over another, but agrees that diesel generators would require aftertreatment controls to achieve some standards. Mr. Suchecki did not completely agree with what emission rates diesel engines could meet, and Mr. Mirzakhilili agreed that this is an issue that will need to be discussed by the group and looked into further, as will other issues. In Mr. Prettyman's 8/2/04 email announcing the 6th DG workgroup meeting, he mentioned that it may be the last meeting and that a third draft of the regulation may be formally proposed soon. Due to the discussions during the meeting, Mr. Mirzakhilili stated that more time will be given to develop a better draft regulation, and AQM will delay holding a public workshop or hearing, possibly until November 2004.

Before the end of the meeting, Mr. Prettyman received comments from a few other people regarding the second draft.

- Suzanne Raab-Long (Delaware Healthcare Association) had some concerns related to the partial restriction of testing and maintenance on Ozone Action Days and other air quality alert days. She said she would gather some information from Delaware hospitals related to her concern and send it to Mr. Prettyman.
- Mike Brown (DNREC, Division of Soil & Water Conservation) stated that the cost share program of the Sussex Conservation District was a one-time "pilot project." The initial cost share funds of \$20,000 allowed for 14 units to be retrofitted with Rentar Catalysts. Mr. Brown stated that there are currently no funds allocated for the conservation districts to provide more Rentar Catalysts through the cost share program.
- Ray Stevens (Delaware Volunteer Firemen's Association) stated that the DVFA surveyed their member fire, rescue, and EMS stations to determine how many generators they are requesting the exemption for. Mr. Stevens relayed that, since the stations are staffed by volunteers, it would create a burden on the station and volunteers to have to comply with the emissions or recordkeeping requirements of this regulation. The DVFA is still compiling the results of the survey and would like to meet with AQM to present their results and to further discuss their request with AQM. Mr. Prettyman said that AQM will be happy to meet with the DVFA, and he will then relay the information to the workgroup so they may provide input on DVFA's request, as well.
- Mr. Suchecki also had a few concerns related to the second draft. He commented that the emission requirements for new generators are still more stringent than what engine manufacturers can achieve. And though alternative emissions standards for generators operating on landfill, waste, or digester gases was included in draft two, he is concerned that the

standards are still not achievable by reciprocating engine generators, even with the credit allowance for flared fuels under Section 8.1 of the regulation. Mr. Suchecki liked the new provision allowing owners to show compliance with the regulation via documentation, but he is still concerned with the language requiring an engine manufacturer to certify a generator for 3 years or 15,000 hours, if it decides to certify a generator to comply with this regulation.

To conclude the meeting, Mr. Prettyman restated that he would be glad to meet with the DVFA regarding their request for an exemption from the regulation, and will pass on any pertinent information to the workgroup. He welcomed any other comments that anyone had and said that he would be glad to discuss any topics or issues that come up after the meeting, as well. Though another meeting was not expected to be held, Mr. Prettyman informed the workgroup that he would notify them as soon as a third draft of the regulation is developed and when a date has been determined for another workgroup meeting.

At 4:10 pm, Mr. Prettyman thanked everyone present for their participation and comments during the meeting, and adjourned the meeting.