

**EXECUTIVE SUMMARY - ENFORCEMENT MATTER**

**DOCKET NO.:** 2007-0781-AIR-E **TCEQ ID:** RN100209766 **CASE NO.:** 33501

**RESPONDENT NAME:** Sabine Cogen, LP

|  |   |  |
|--|---|--|
| <b>ORDER TYPE:</b>   |   |  |
| <input checked="" type="checkbox"/> 1660 AGREED ORDER  | <input type="checkbox"/> FINDINGS AGREED ORDER              | <input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING       |
| <input type="checkbox"/> FINDINGS DEFAULT ORDER  | <input type="checkbox"/> SHUTDOWN ORDER                     | <input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER |
| <input type="checkbox"/> AMENDED ORDER   | <input type="checkbox"/> EMERGENCY ORDER                    |  |
| <b>CASE TYPE:</b>  |   |  |
| <input checked="" type="checkbox"/> AIR  | <input type="checkbox"/> MULTI-MEDIA (check all that apply) | <input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE              |
| <input type="checkbox"/> PUBLIC WATER SUPPLY   | <input type="checkbox"/> PETROLEUM STORAGE TANKS            | <input type="checkbox"/> OCCUPATIONAL CERTIFICATION                  |
| <input type="checkbox"/> WATER QUALITY   | <input type="checkbox"/> SEWAGE SLUDGE                      | <input type="checkbox"/> UNDERGROUND INJECTION CONTROL               |
| <input type="checkbox"/> MUNICIPAL SOLID WASTE   | <input type="checkbox"/> RADIOACTIVE WASTE                  | <input type="checkbox"/> DRY CLEANER REGISTRATION                    |
| <p><b>SITE WHERE VIOLATION(S) OCCURRED:</b> Sabine Cogeneration Facility, 4647 Farm-To-Market Road 1006, Orange, Orange County</p> <p><b>TYPE OF OPERATION:</b> Electric power generation</p> <p><b>SMALL BUSINESS:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>OTHER SIGNIFICANT MATTERS:</b> There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p><b>INTERESTED PARTIES:</b> No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p><b>COMMENTS RECEIVED:</b> The <i>Texas Register</i> comment period expired on October 29, 2007. No comments were received.</p> <p><b>CONTACTS AND MAILING LIST:</b><br/> <b>TCEQ Attorney/SEP Coordinator:</b> None<br/> <b>TCEQ Enforcement Coordinator:</b> Ms. Miriam Hall, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-1044; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171<br/> <b>Respondent:</b> Mr. Will Howell, Plant Manager, Sabine Cogen, LP, P.O. Box 2805, Orange, Texas 77631<br/>                     Mr. John G. Lambert, Vice President, Sabine Cogen, LP, P.O. Box 2805, Orange, Texas 77631<br/> <b>Respondent's Attorney:</b> Not represented by counsel on this enforcement matter</p> |   |  |

**VIOLATION SUMMARY CHART:**

| VIOLATION INFORMATION   | PENALTY CONSIDERATIONS  | CORRECTIVE ACTIONS TAKEN/REQUIRED  |
|---|---|--|
| <p><b>Type of Investigation:</b><br/> <input type="checkbox"/> Complaint<br/> <input checked="" type="checkbox"/> Routine<br/> <input type="checkbox"/> Enforcement Follow-up<br/> <input type="checkbox"/> Records Review</p> <p><b>Date(s) of Complaints Relating to this Case:</b> None</p> <p><b>Date of Investigation Relating to this Case:</b> February 20, 2007</p> <p><b>Date of NOV/NOE Relating to this Case:</b> April 20, 2007 (NOE)</p> <p><b>Background Facts:</b> This was a routine investigation. Six violations were documented.</p> <p><b>AIR</b></p> <p>1) Failure to perform daily span calibrations of the Nitrogen Oxides ("NOx") and Carbon Monoxide ("CO") Continuous Emissions Monitoring System ("CEMS"). Specifically, from July 26 through August 2, 2006 and January 8 through 11, 2007, the Respondent failed to perform the daily span calibrations of the Unit 1 NOx and CO CEMS due to an empty span calibration gas cylinder [30 TEX. ADMIN. CODE §§ 101.20(1), 116.115(c), 122.143(4), 40 CODE OF FEDERAL REGULATIONS ("CFR") § 60.13(d)(1), New Source Review Permit ("NSRP") No. 36889, Special Conditions ("SC") 10A and 13B, Federal Operating Permit ("FOP") No. O-1843, General Terms and Conditions ("GTC"), Special Terms and Conditions ("SC") 4F and 6A, and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>2) Failure to maintain hourly average fuel consumption records. Specifically, the average hourly fuel consumption records from each cogeneration train, Unit 1 and Unit 2, for the period July 26 through August 30, 2006 were unavailable during the investigation due to a technical problem with the historical data recording system [30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 18B, FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> | <p><b>Total Assessed:</b> \$15,730</p> <p><b>Total Deferred:</b> \$3,146<br/> <input checked="" type="checkbox"/> Expedited Settlement<br/> <input type="checkbox"/> Financial Inability to Pay</p> <p><b>SEP Conditional Offset:</b> \$0</p> <p><b>Total Paid to General Revenue:</b> \$12,584</p> <p><b>Site Compliance History Classification</b><br/> <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Person Compliance History Classification</b><br/> <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Major Source:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Applicable Penalty Policy:</b> September 2002</p> | <p><b>Corrective Actions Taken:</b></p> <p>1) The Executive Director recognizes that Sabine Cogen has implemented the following corrective measures at the Plant:</p> <p>a. On January 24 and 25, 2007, cleaned the ammonia flow nozzle and adjusted the ammonia header valves to ensure proper flow of ammonia to the Selective Catalytic Reduction ("SCR") ammonia injection system catalysts to more effectively control excess NO<sub>x</sub> emissions;</p> <p>b. On February 7, 2007, replaced the ammonia control valve;</p> <p>c. On February 23 and March 2, 2007, conducted additional training for control operators on:</p> <p>i. procedures established to monitor the CEMS Data Acquisition Handling System;</p> <p>ii. operation and troubleshooting of the SCR ammonia injection system;</p> <p>iii. air permit compliance and procedures to immediately notify plant management of potential incidents;</p> <p>d. On May 2, 2007, installed an alarm to the Distributed Control System ("DCS") operator control panel to alert control operators of a potential ammonia exceedance as soon as possible as the event approaches, so that the potential exceedance can be investigated and repairs/adjustments can be immediately implemented;</p> <p>e. By May 4, 2007, implemented administrative procedures to ensure that hourly fuel consumption information can be captured manually in the event of a system computer failure;</p> <p>f. On May 17, 2007, installed an alarm to the DCS operator control panel to alert control operators when a daily span calibration has failed; and</p> <p>g. By May 29, 2007, commenced on-the-job training of contractor personnel on CEMS maintenance operations.</p> |

|   |  |   |
|---|--|---|
| <p>3) Failure to limit ammonia emissions below a concentration of 10 parts per million by volume on a dry basis ("ppmvd") from August 19 through August 22, 2006 [30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 7, FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>4) Failure to comply with the hourly average NOx concentration limit of 9 ppmvd from 23:00 on November 15 until 03:00 on November 16, 2006 [30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 2, FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>5) Failure to maintain the NOx emission rate from Unit 1 Stack (EPN: SAB-1) below the maximum allowable emission rate of 23.4 pounds per hour ("lbs/hr"). Specifically, on August 2, 2006, the stack emitted 31.31 lbs/hr of NOx from 07:00 to 08:00 [30 TEX. ADMIN. CODE §§ 116.115(b)(2)(F), 122.143(4), FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>6) Failure to include deviations incurred during the semiannual period of May 12, 2006 through November 11, 2006 in the Semiannual Deviation Report and Annual Compliance Certification submitted on December 8, 2006. Specifically, Sabine Cogen submitted the report and certification but did not report any deviations. All of the aforementioned allegations include some days that should have been reported, and Sabine Cogen also failed to report CEMS downtime which occurred on September 5, 2006 [30 TEX. ADMIN. CODE §§ 122.143(4), 122.145(2)(A), 122.146(1) and (5)(C), FOP No. O-1843, GTC, and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> |  | <p><b>Ordering Provisions:</b></p> <p>2) The Order will require Sabine Cogen to:</p> <p>a. Within 30 days after the effective date of this Agreed Order, submit an amended Semiannual Deviation Report for the period May 12, 2006 through November 11, 2006 and Annual Compliance Certification for the period November 12, 2005 through November 11, 2006 to report missing deviations;</p> <p>b. Within 60 days after the effective date of this Agreed Order, install CEMS software upgrade to allow continuous monitoring from remote locations;</p> <p>c. By December 31, 2008, reconfigure the data recording system computers so that data will transmit to other computers that work independently of each other and will be captured should one fail; and</p> <p>d. Within 30 days after completion of Ordering Provisions 2.b. and 2.c. submit written certification and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with the Ordering Provisions.</p> |
|---|--|---|

Additional ID No(s): OC0363H





# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision April 26, 2007

**TCEQ**

|              |          |             |           |             |         |             |
|--------------|----------|-------------|-----------|-------------|---------|-------------|
| <b>DATES</b> | Assigned | 7-May-2007  | Screening | 16-May-2007 | EPA Due | 15-Jan-2008 |
|              | PCW      | 21-May-2007 |           |             |         |             |

|  |                  |                    |       |
|--|------------------|--------------------|-------|
| <b>RESPONDENT/FACILITY INFORMATION</b> |                  |                    |       |
| Respondent                             | Sabine Cogen, LP |                    |       |
| Reg. Ent. Ref. No.                     | RN100209766      |                    |       |
| Facility/Site Region                   | 10-Beaumont      | Major/Minor Source | Major |

|                         |                 |                   |                   |
|-------------------------|-----------------|-------------------|-------------------|
| <b>CASE INFORMATION</b> |                 |                   |                   |
| Enf./Case ID No.        | 33501           | No. of Violations | 6                 |
| Docket No.              | 2007-0781-AIR-E | Order Type        | 1660              |
| Media Program(s)        | Air             | Enf. Coordinator  | Miriam Hall       |
| Multi-Media             |                 | EC's Team         | EnforcementTeam 4 |
| Admin. Penalty \$       | Limit Minimum   | \$0               | Maximum           |
|                         |                 |                   | \$10,000          |

## Penalty Calculation Section

**TOTAL BASE PENALTY (Sum of violation base penalties)** **Subtotal 1**

### ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

**Compliance History**  Enhancement **Subtotals 2, 3, & 7**

Notes

**Culpability**   Enhancement **Subtotal 4**

Notes

**Good Faith Effort to Comply**  Reduction **Subtotal 5**

|               |                                       |                               |
|---------------|---------------------------------------|-------------------------------|
|               | Before NOV                            | NOV to EDPRP/Settlement Offer |
| Extraordinary | <input type="text"/>                  | <input type="text"/>          |
| Ordinary      | <input type="text"/>                  | <input type="text"/>          |
| N/A           | <input checked="" type="checkbox"/> X | (mark with x)                 |

Notes

**Total EB Amounts**  **Subtotal 6**   
**Approx. Cost of Compliance**  **\*Capped at the Total EB \$ Amount**

**SUM OF SUBTOTALS 1-7** **Final Subtotal**

**OTHER FACTORS AS JUSTICE MAY REQUIRE**  **Adjustment**

Reduces or enhances the Final Subtotal by the indicated percentage. (Enter number only; e.g. -30 for -30%.)

Notes

**Final Penalty Amount**

**STATUTORY LIMIT ADJUSTMENT** **Final Assessed Penalty**

**DEFERRAL**  Reduction **Adjustment**

Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

**PAYABLE PENALTY**

Screening Date 16-May-2007

Docket No. 2007-0781-AIR-E

PCW

Respondent Sabine Cogen, LP

Policy Revision 2 (September 2002)

Case ID No. 33501

PCW Revision April 26, 2007

Reg. Ent. Reference No. RN100209766

Media [Statute] Air

Enf. Coordinator Miriam Hall

### Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

| Component                     | Number of...   | Enter Number Here | Adjust. |
|-------------------------------|--|-------------------|---------|
| NOVs                          | Written NOVs with same or similar violations as those in the current enforcement action (number of NOVs meeting criteria)  | 2                 | 10%     |
|                               | Other written NOVs   | 0                 | 0%      |
| Orders                        | Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)   | 1                 | 20%     |
|                               | Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission | 0                 | 0%      |
| Judgments and Consent Decrees | Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgements or consent decrees meeting criteria)                                       | 0                 | 0%      |
|                               | Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government  | 0                 | 0%      |
| Convictions                   | Any criminal convictions of this state or the federal government (number of counts)  | 0                 | 0%      |
| Emissions                     | Chronic excessive emissions events (number of events)  | 0                 | 0%      |
| Audits                        | Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted)              | 0                 | 0%      |
|                               | Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed)   | 0                 | 0%      |
| Please Enter Yes or No        |  |                   |         |
| Other                         | Environmental management systems in place for one year or more   | No                | 0%      |
|                               | Voluntary on-site compliance assessments conducted by the executive director under a special assistance program  | No                | 0%      |
|                               | Participation in a voluntary pollution reduction program   | No                | 0%      |
|                               | Early compliance with, or offer of a product that meets future state or federal government environmental requirements  | No                | 0%      |

Adjustment Percentage (Subtotal 2) 30%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

The penalty was enhanced for one 1660 order and two similar NOVs.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 30%

Screening Date 16-May-2007

Docket No. 2007-0781-AIR-E

PCW

Respondent Sabine Cogen, LP

Policy Revision 2 (September 2002)

Case ID No. 33501

PCW Revision April 26, 2007

Reg. Ent. Reference No. RN100209766

Media [Statute] Air

Enf. Coordinator Miriam Hall

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code §§ 101.20(1), 116.115(c), 122.143(4), 40 Code of Federal Regulations ("CFR") § 60.13(d)(1), New Source Review Permit ("NSRP") No. 36889, Special Conditions ("SC") 10A and 13B, Federal Operating Permit ("FOP") No. O-1843, General Terms and Conditions ("GTC"), Special Terms and Conditions ("SC") 4F and 6A, and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to perform daily span calibrations of the Nitrogen Oxides ("NOx") and Carbon Monoxide ("CO") Continuous Emissions Monitoring System ("CEMS"). Specifically, from July 26 through August 2, 2006 and January 8 through 11, 2007, Sabine Cogen failed to perform the daily span calibrations of the Unit 1 NOx and CO CEMS due to an empty span calibration gas cylinder.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

| Release   | Harm  |          |       | Percent |
|-----------|-------|----------|-------|---------|
|           | Major | Moderate | Minor |         |
| Actual    |       |          |       | 10%     |
| Potential |       |          | x     |         |

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor | Percent |
|---------------|-------|----------|-------|---------|
|               |       |          |       | 0%      |

Matrix Notes

Human health or the environment could have been exposed to insignificant amounts of pollutants which would not have exceeded levels that are protective of human health or the environment.

Adjustment \$9,000

\$1,000

Violation Events

Number of Violation Events 2 12 Number of violation days

|              |   |
|--------------|---|
| daily        |   |
| monthly      |   |
| quarterly    |   |
| semiannual   |   |
| annual       |   |
| single event | x |

Violation Base Penalty \$2,000

Two single events are recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$43

Violation Final Penalty Total \$2,600

This violation Final Assessed Penalty (adjusted for limits) \$2,600

## Economic Benefit Worksheet

**Respondent** Sabine Cogen, LP  
**Case ID No.** 33501  
**Reg. Ent. Reference No.** RN100209766  
**Media** Air  
**Violation No.** 1

|                         |                              |
|-------------------------|------------------------------|
| <b>Percent Interest</b> | <b>Years of Depreciation</b> |
| 5.0                     | 15                           |

| Item Description         | Item Cost | Date Required | Final Date  | Yrs | Interest Saved | Onetime Costs | EB Amount |
|--------------------------|-----------|---------------|-------------|-----|----------------|---------------|-----------|
| <b>Delayed Costs</b>     |           |               |             |     |                |               |           |
| Equipment (Alarm)        | \$200     | 26-Jul-2006   | 17-May-2007 | 0.8 | \$1            | \$11          | \$11      |
| Buildings                |           |               |             | 0.0 | \$0            | \$0           | \$0       |
| Other (as needed)        |           |               |             | 0.0 | \$0            | \$0           | \$0       |
| Engineering/construction |           |               |             | 0.0 | \$0            | \$0           | \$0       |
| Land                     |           |               |             | 0.0 | \$0            | n/a           | \$0       |
| CEMS upgrade             | \$500     | 26-Jul-2007   | 31-Dec-2007 | 0.4 | \$11           | n/a           | \$11      |
| Training/Sampling        | \$500     | 26-Jul-2006   | 29-May-2007 | 0.8 | \$21           | n/a           | \$21      |
| Remediation/Disposal     |           |               |             | 0.0 | \$0            | n/a           | \$0       |
| Permit Costs             |           |               |             | 0.0 | \$0            | n/a           | \$0       |
| Other (as needed)        |           |               |             | 0.0 | \$0            | n/a           | \$0       |

**Notes for DELAYED costs**  
 The estimated cost for installing an alarm to the Distributed Control System (DCS) operator control panel, conduct additional training and upgrade the CEMS from the date of the first violation to the date action completed or is expected to be completed.

| Item Description  | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|---|-----------|---------------|------------|-----|----------------|---------------|-----------|
| <b>Avoided Costs</b>  |           |               |            |     |                |               |           |
| <b>ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)</b> |           |               |            |     |                |               |           |
| Disposal  |           |               |            | 0.0 | \$0            | \$0           | \$0       |
| Personnel   |           |               |            | 0.0 | \$0            | \$0           | \$0       |
| Inspection/Reporting/Sampling   |           |               |            | 0.0 | \$0            | \$0           | \$0       |
| Supplies/equipment  |           |               |            | 0.0 | \$0            | \$0           | \$0       |
| Financial Assurance [2]   |           |               |            | 0.0 | \$0            | \$0           | \$0       |
| ONE-TIME avoided costs [3]  |           |               |            | 0.0 | \$0            | \$0           | \$0       |
| Other (as needed)   |           |               |            | 0.0 | \$0            | \$0           | \$0       |

**Notes for AVOIDED costs**

Approx. Cost of Compliance \$1,200
TOTAL \$43

Screening Date 16-May-2007

Docket No. 2007-0781-AIR-E

PCW

Respondent Sabine Cogen, LP

Policy Revision 2 (September 2002)

Case ID No. 33501

PCW Revision April 26, 2007

Reg. Ent. Reference No. RN100209766

Media [Statute] Air

Enf. Coordinator Miriam Hall

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 18B, FOP No. O-1843, GTC, SC 6A, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to maintain hourly average fuel consumption records. Specifically, the average hourly fuel consumption records from each cogeneration train, Unit 1 and Unit 2, for the period July 26 through August 30, 2006 were unavailable during the investigation due to a technical problem with the historical data recording system.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

| Release   | Harm  |          |       |
|-----------|-------|----------|-------|
|           | Major | Moderate | Minor |
| Actual    |       |          |       |
| Potential |       |          |       |

Percent 0%

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---------------|-------|----------|-------|
|               |       |          | x     |

Percent 1%

Matrix Notes

The Respondent met more than 70% of the rule requirement.

Adjustment \$9,900

\$100

Violation Events

Number of Violation Events 1

35 Number of violation days

|                         |              |   |
|-------------------------|--------------|---|
| mark only one with an x | daily        |   |
|                         | monthly      |   |
|                         | quarterly    |   |
|                         | semiannual   |   |
|                         | annual       |   |
|                         | single event | x |

Violation Base Penalty \$100

One single event was documented.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$94

Violation Final Penalty Total \$130

This violation Final Assessed Penalty (adjusted for limits) \$130

## Economic Benefit Worksheet

**Respondent** Sabine Cogen, LP  
**Case ID No.** 33501  
**Reg. Ent. Reference No.** RN100209766  
**Media** Air  
**Violation No.** 2

|                         |                              |
|-------------------------|------------------------------|
| <b>Percent Interest</b> | <b>Years of Depreciation</b> |
| 5.0                     | 15                           |

| Item Description       | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
| <i>No commas or \$</i> |           |               |            |     |                |               |           |

**Delayed Costs**

|                          |         |             |             |     |      |     |      |
|--------------------------|---------|-------------|-------------|-----|------|-----|------|
| Equipment                |         |             |             | 0.0 | \$0  | \$0 | \$0  |
| Buildings                |         |             |             | 0.0 | \$0  | \$0 | \$0  |
| Other (as needed)        |         |             |             | 0.0 | \$0  | \$0 | \$0  |
| Engineering/construction |         |             |             | 0.0 | \$0  | \$0 | \$0  |
| Land                     |         |             |             | 0.0 | \$0  | n/a | \$0  |
| Record Keeping System    | \$1,000 | 20-Feb-2007 | 31-Dec-2008 | 1.9 | \$93 | n/a | \$93 |
| Training/Sampling        |         |             |             | 0.0 | \$0  | n/a | \$0  |
| Remediation/Disposal     |         |             |             | 0.0 | \$0  | n/a | \$0  |
| Permit Costs             |         |             |             | 0.0 | \$0  | n/a | \$0  |
| Other (as needed)        | \$100   | 20-Feb-2007 | 4-May-2007  | 0.2 | \$1  | n/a | \$1  |

Notes for DELAYED costs

Record keeping system: The estimated cost of reconfiguring the computer interface system so that data will transmit to other computers that work independently of each other and will be captured should one fail. This work must be performed during an outage/shutdown. Other: The estimated cost of implementing administrative procedures to capture the information manually in the event of a failure. The Date Required is the date of the inspection and Final Dates are the dates the computer system is expected to be reconfigured and the date by which manual administrative procedures were implemented.

**Avoided Costs**

**ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

|                               |  |  |  |     |     |     |     |
|-------------------------------|--|--|--|-----|-----|-----|-----|
| Disposal                      |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Personnel                     |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Supplies/equipment            |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Financial Assurance [2]       |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3]    |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed)             |  |  |  | 0.0 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

|                            |         |              |      |
|----------------------------|---------|--------------|------|
| Approx. Cost of Compliance | \$1,100 | <b>TOTAL</b> | \$94 |
|----------------------------|---------|--------------|------|

Screening Date 16-May-2007

Docket No. 2007-0781-AIR-E

PCW

Respondent Sabine Cogen, LP

Policy Revision 2 (September 2002)

Case ID No. 33501

PCW Revision April 26, 2007

Reg. Ent. Reference No. RN100209766

Media [Statute] Air

Enf. Coordinator Miriam Hall

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 7, FOP No. O-1843, GTC, SC 6A, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to limit ammonia emissions below a concentration of 10 parts per million by volume on a dry basis ("ppmvd") from August 19 through August 22, 2006. Specifically, during the time period, there were 7 hours where the concentration varied from 11.07 to 28.4 ppmvd.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

| Release   | Harm  |          |       |
|-----------|-------|----------|-------|
|           | Major | Moderate | Minor |
| Actual    |       |          | X     |
| Potential |       |          |       |

Percent 25%

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---------------|-------|----------|-------|
|               |       |          |       |

Percent 0%

Matrix Notes

Human health or the environment has been exposed to insignificant amounts of pollutants which did not exceed levels that are protective of human health or the environment.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

4 Number of violation days

|                         |              |   |
|-------------------------|--------------|---|
| mark only one with an x | daily        |   |
|                         | monthly      |   |
|                         | quarterly    | X |
|                         | semiannual   |   |
|                         | annual       |   |
|                         | single event |   |

Violation Base Penalty \$2,500

One quarterly event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$25

Violation Final Penalty Total \$3,250

This violation Final Assessed Penalty (adjusted for limits) \$3,250

## Economic Benefit Worksheet

**Respondent** Sabine Cogen, LP  
**Case ID No.** 33501  
**Reg. Ent. Reference No.** RN100209766  
**Media** Air  
**Violation No.** 3

|                         |                              |
|-------------------------|------------------------------|
| <b>Percent Interest</b> | <b>Years of Depreciation</b> |
| 5.0                     | 15                           |

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|

Item Description: No commas or \$

**Delayed Costs**

|                          |       |             |            |     |     |      |      |
|--------------------------|-------|-------------|------------|-----|-----|------|------|
| Equipment                | \$500 | 19-Aug-2006 | 2-May-2007 | 0.7 | \$1 | \$23 | \$25 |
| Buildings                |       |             |            | 0.0 | \$0 | \$0  | \$0  |
| Other (as needed)        |       |             |            | 0.0 | \$0 | \$0  | \$0  |
| Engineering/construction |       |             |            | 0.0 | \$0 | \$0  | \$0  |
| Land                     |       |             |            | 0.0 | \$0 | n/a  | \$0  |
| Record Keeping System    |       |             |            | 0.0 | \$0 | n/a  | \$0  |
| Training/Sampling        |       |             |            | 0.0 | \$0 | n/a  | \$0  |
| Remediation/Disposal     |       |             |            | 0.0 | \$0 | n/a  | \$0  |
| Permit Costs             |       |             |            | 0.0 | \$0 | n/a  | \$0  |
| Other (as needed)        |       |             |            | 0.0 | \$0 | n/a  | \$0  |

**Notes for DELAYED costs**  
 The estimated cost of adding an alarm to the DCS to alert control operators of a potential ammonia exceedance as soon as the event approaches from the date of the first violation to dates completed. Cost of additional training included in Violation No. 5.

**Avoided Costs**

**ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

|                               |  |  |  |     |     |     |     |
|-------------------------------|--|--|--|-----|-----|-----|-----|
| Disposal                      |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Personnel                     |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Supplies/equipment            |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Financial Assurance [2]       |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3]    |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed)             |  |  |  | 0.0 | \$0 | \$0 | \$0 |

**Notes for AVOIDED costs**

Approx. Cost of Compliance \$500

TOTAL \$25

Screening Date 16-May-2007

Docket No. 2007-0781-AIR-E

PCW

Respondent Sabine Cogen, LP

Policy Revision 2 (September 2002)

Case ID No. 33501

PCW Revision April 26, 2007

Reg. Ent. Reference No. RN100209766

Media [Statute] Air

Enf. Coordinator Miriam Hall

Violation Number 4

Rule Cite(s) 30 Tex. Admin. Code §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 2, FOP No. O-1843, GTC, SC 6A, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to comply with the hourly average NOx concentration limit of 9 ppmvd from 23:00 on November 15 until 03:00 on November 16, 2006. Specifically, the concentration varied from 10.352 to 44.590 ppmvd.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

| Release   | Harm  |          |       |
|-----------|-------|----------|-------|
|           | Major | Moderate | Minor |
| Actual    |       |          | x     |
| Potential |       |          |       |

Percent 25%

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---------------|-------|----------|-------|
|               |       |          |       |

Percent 0%

Matrix Notes

Human health or the environment has been exposed to insignificant amounts of pollutants which did not exceed levels that are protective of human health or the environment.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

1 Number of violation days

|                         |              |   |
|-------------------------|--------------|---|
| mark only one with an x | daily        |   |
|                         | monthly      |   |
|                         | quarterly    | x |
|                         | semiannual   |   |
|                         | annual       |   |
|                         | single event |   |

Violation Base Penalty \$2,500

One quarterly event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$3,250

This violation Final Assessed Penalty (adjusted for limits) \$3,250

## Economic Benefit Worksheet

**Respondent** Sabine Cogen, LP  
**Case ID No.** 33501  
**Reg. Ent. Reference No.** RN100209766  
**Media** Air  
**Violation No.** 4

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0              | 15                    |

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|

No commas or \$

**Delayed Costs**

|                          |  |  |  |     |     |     |     |
|--------------------------|--|--|--|-----|-----|-----|-----|
| Equipment                |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Buildings                |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed)        |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Engineering/construction |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Land                     |  |  |  | 0.0 | \$0 | n/a | \$0 |
| Record Keeping System    |  |  |  | 0.0 | \$0 | n/a | \$0 |
| Training/Sampling        |  |  |  | 0.0 | \$0 | n/a | \$0 |
| Remediation/Disposal     |  |  |  | 0.0 | \$0 | n/a | \$0 |
| Permit Costs             |  |  |  | 0.0 | \$0 | n/a | \$0 |
| Other (as needed)        |  |  |  | 0.0 | \$0 | n/a | \$0 |

Notes for DELAYED costs

The economic benefit is included in Violation No 5.

**Avoided Costs**

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

|                               |  |  |  |     |     |     |     |
|-------------------------------|--|--|--|-----|-----|-----|-----|
| Disposal                      |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Personnel                     |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Supplies/equipment            |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Financial Assurance [2]       |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3]    |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed)             |  |  |  | 0.0 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance \$0

TOTAL \$0

Screening Date 16-May-2007

Docket No. 2007-0781-AIR-E

PCW

Respondent Sabine Cogen, LP

Policy Revision 2 (September 2002)

Case ID No. 33501

PCW Revision April 26, 2007

Reg. Ent. Reference No. RN100209766

Media [Statute] Air

Enf. Coordinator Miriam Hall

Violation Number 5

Rule Cite(s) 30 Tex. Admin. Code §§ 116.115(b)(2)(F), 122.143(4), FOP No. O-1843, GTC, SC 6A, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to maintain the NOx emission rate from Unit 1 Stack (EPN: SAB-1) below the maximum allowable emission rate of 23.4 pounds per hour ("lbs/hr"). Specifically, on August 2, 2006, the stack emitted 31.31 lbs/hr of NOx from 07:00 to 08:00.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

| Release   | Harm  |          |       |
|-----------|-------|----------|-------|
|           | Major | Moderate | Minor |
| Actual    |       |          | x     |
| Potential |       |          |       |

Percent 25%

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---------------|-------|----------|-------|
|               |       |          |       |

Percent 0%

Matrix Notes

Human health or the environment has been exposed to insignificant amounts of pollutants which did not exceed levels that are protective of human health or the environment.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

1 Number of violation days

|                            |              |   |
|----------------------------|--------------|---|
| mark only one<br>with an x | daily        |   |
|                            | monthly      |   |
|                            | quarterly    |   |
|                            | semiannual   |   |
|                            | annual       |   |
|                            | single event | x |

Violation Base Penalty \$2,500

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$55

Violation Final Penalty Total \$3,250

This violation Final Assessed Penalty (adjusted for limits) \$3,250

## Economic Benefit Worksheet

**Respondent** Sabine Cogen, LP  
**Case ID No.** 33501  
**Reg. Ent. Reference No.** RN100209766  
**Media** Air  
**Violation No.** 5

|                         |                              |
|-------------------------|------------------------------|
| <b>Percent Interest</b> | <b>Years of Depreciation</b> |
| 5.0                     | 15                           |

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|

No commas or \$

**Delayed Costs**

|                          |         |            |            |     |      |     |      |
|--------------------------|---------|------------|------------|-----|------|-----|------|
| Equipment                |         |            |            | 0.0 | \$0  | \$0 | \$0  |
| Buildings                |         |            |            | 0.0 | \$0  | \$0 | \$0  |
| Other (as needed)        |         |            |            | 0.0 | \$0  | \$0 | \$0  |
| Engineering/construction |         |            |            | 0.0 | \$0  | \$0 | \$0  |
| Land                     |         |            |            | 0.0 | \$0  | n/a | \$0  |
| Record Keeping System    |         |            |            | 0.0 | \$0  | n/a | \$0  |
| Training/Sampling        | \$1,000 | 2-Aug-2006 | 2-Mar-2007 | 0.6 | \$29 | n/a | \$29 |
| Remediation/Disposal     |         |            |            | 0.0 | \$0  | n/a | \$0  |
| Permit Costs             |         |            |            | 0.0 | \$0  | n/a | \$0  |
| Maintenance              | \$1,000 | 2-Aug-2006 | 7-Feb-2007 | 0.5 | \$26 | n/a | \$26 |

Notes for DELAYED costs

The estimated cost of additional training on the operation and troubleshooting of the Selective Catalytic Reduction (SCR) ammonia injection (NOx reduction) system from the date of the first violation to date completed. Also, the estimated cost of additional maintenance including, cleaning the ammonia flow nozzle on January 24, 2007, adjusting ammonia header valves on January 25, 2007, and replacing the ammonia control valve on February 7, 2007. The date required is the first day of violation and Final date is the date the last action was taken.

**Avoided Costs**

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

|                               |  |  |  |     |     |     |     |
|-------------------------------|--|--|--|-----|-----|-----|-----|
| Disposal                      |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Personnel                     |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Supplies/equipment            |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Financial Assurance [2]       |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3]    |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed)             |  |  |  | 0.0 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance

\$2,000

TOTAL

\$55

Screening Date 16-May-2007

Docket No. 2007-0781-AIR-E

PCW

Respondent Sabine Cogen, LP

Policy Revision 2 (September 2002)

Case ID No. 33501

PCW Revision April 26, 2007

Reg. Ent. Reference No. RN100209766

Media [Statute] Air

Enf. Coordinator Miriam Hall

Violation Number 6

Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4), 122.145(2)(A), 122.146(1) and (5)(C), FOP No. O-1843, GTC, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to include deviations incurred during the semiannual period of May 12, 2006 through November 11, 2006 in the Semiannual Deviation Report and Annual Compliance Certification submitted on December 8, 2006. Specifically, Sabine Cogen submitted the report and certification but did not report any deviations. All of the aforementioned violations include some days that should have been reported, and Sabine Cogen also failed to report CEMS downtime which occurred on September 5, 2006.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

| OR        | Release | Harm  |          |       | Percent |
|-----------|---------|-------|----------|-------|---------|
|           |         | Major | Moderate | Minor |         |
| Actual    |         |       |          |       | 0%      |
| Potential |         |       |          |       |         |

>> Programmatic Matrix

| Matrix Notes                                       | Falsification | Harm  |          |       | Percent |
|--|---------------|-------|----------|-------|---------|
|  |               | Major | Moderate | Minor |         |
|  |               | x     |          |       | 25%     |
| More than 70% of the rule requirement was not met. |               |       |          |       |         |

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1 156 Number of violation days

|                         |              |   |
|-------------------------|--------------|---|
| mark only one with an x | daily        |   |
|                         | monthly      |   |
|                         | quarterly    |   |
|                         | semiannual   |   |
|                         | annual       |   |
|                         | single event | x |

Violation Base Penalty \$2,500

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$3

Violation Final Penalty Total \$3,250

This violation Final Assessed Penalty (adjusted for limits) \$3,250

## Economic Benefit Worksheet

**Respondent** Sabine Cogen, LP  
**Case ID No.** 33501  
**Reg. Ent. Reference No.** RN100209766  
**Media** Air  
**Violation No.** 6

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0              | 15                    |

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|

No commas or \$

### Delayed Costs

|                          |      |             |             |     |     |     |     |
|--------------------------|------|-------------|-------------|-----|-----|-----|-----|
| Equipment                |      |             |             | 0.0 | \$0 | \$0 | \$0 |
| Buildings                |      |             |             | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed)        |      |             |             | 0.0 | \$0 | \$0 | \$0 |
| Engineering/construction |      |             |             | 0.0 | \$0 | \$0 | \$0 |
| Land                     |      |             |             | 0.0 | \$0 | n/a | \$0 |
| Record Keeping System    |      |             |             | 0.0 | \$0 | n/a | \$0 |
| Training/Sampling        |      |             |             | 0.0 | \$0 | n/a | \$0 |
| Remediation/Disposal     |      |             |             | 0.0 | \$0 | n/a | \$0 |
| Permit Costs             |      |             |             | 0.0 | \$0 | n/a | \$0 |
| Other (as needed)        | \$50 | 11-Dec-2006 | 31-Dec-2007 | 1.1 | \$3 | n/a | \$3 |

Notes for DELAYED costs

The estimated cost for submitting a complete report from date due to projected compliance date.

### Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

|                               |  |  |  |     |     |     |     |
|-------------------------------|--|--|--|-----|-----|-----|-----|
| Disposal                      |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Personnel                     |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Supplies/equipment            |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Financial Assurance [2]       |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3]    |  |  |  | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed)             |  |  |  | 0.0 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance \$50

TOTAL \$3

# Compliance History

|   |   |                                  |   |
|---|---|----------------------------------|---|
| Customer/Respondent/Owner-Operator:           | CN601172638 Sabine Cogen, LP              | Classification: AVERAGE          | Rating: 7.38                              |
| Regulated Entity:                             | RN100209766 SABINE COGENERATION FACILITY  | Classification: AVERAGE          | Site Rating: 11.75                        |
| ID Number(s):                                 | AIR OPERATING PERMITS                     | ACCOUNT NUMBER                   | OC0363H                                   |
|   | AIR OPERATING PERMITS                     | PERMIT                           | 1843                                      |
|   | INDUSTRIAL AND HAZARDOUS WASTE GENERATION | EPA ID                           | TXR000035717                              |
|   | INDUSTRIAL AND HAZARDOUS WASTE GENERATION | SOLID WASTE REGISTRATION # (SWR) | 86877                                     |
|   | AIR NEW SOURCE PERMITS                    | PERMIT                           | 36889                                     |
|   | AIR NEW SOURCE PERMITS                    | ACCOUNT NUMBER                   | OC0363H                                   |
|   | AIR NEW SOURCE PERMITS                    | AFS NUM                          | 4836100057                                |
| Location:                                     | 4647 FM 1006, ORANGE, TX, 77631           |                                  | Rating Date: 9/1/2006 Repeat Violator: NO |
| TCEQ Region:                                  | REGION 10 - BEAUMONT                      |                                  |   |
| Date Compliance History Prepared:             | May 24, 2007                              |                                  |   |
| Agency Decision Requiring Compliance History: | Enforcement                               |                                  |   |
| Compliance Period:                            | May 24, 2002 to May 24, 2007              |                                  |   |

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Miriam Hall Phone: (512) 239-1044

## Site Compliance History Components

- |  |            |
|--|------------|
| 1. Has the site been in existence and/or operation for the full five year compliance period? | Yes        |
| 2. Has there been a (known) change in ownership of the site during the compliance period?    | No         |
| 3. If Yes, who is the current owner?   | No         |
| 4. If Yes, who was/were the prior owner(s)?  | <u>N/A</u> |
| 5. When did the change(s) in ownership occur?  | <u>N/A</u> |

### Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.
- |                            |   |
|----------------------------|---|
| Effective Date: 06/15/2006 | ADMINORDER 2005-1658-AIR-E  |
| Classification: Moderate   |   |
| Citation:                  | 30 TAC Chapter 101, SubChapter A 101.20(1)<br>30 TAC Chapter 116, SubChapter B 116.115(c)<br>30 TAC Chapter 122, SubChapter B 122.143(4)<br>5C THC Chapter 382, SubChapter A 382.085(b)   |
| Rqmt Prov:                 | Permit 36889, SC 10B PERMIT<br>Permit 36889, SC 19 PERMIT<br>Permit O-01843, SC 1A, 4A, and 6A OP   |
| Description:               | Failure to timely submit quarterly CEMS reports.  |
| Classification: Moderate   |   |
| Citation:                  | 30 TAC Chapter 122, SubChapter B 122.143(4)<br>30 TAC Chapter 122, SubChapter B 122.145(2)(A)<br>30 TAC Chapter 122, SubChapter B 122.145(2)(C)<br>5C THC Chapter 382, SubChapter A 382.085(b)  |
| Description:               | Failed to submit a timely deviation report for the periods of 11/12/03 through 5/11/2004, 5/12/2004 through 11/11/2004 and 11/12/2004 through 5/11/2005.  |
| Classification: Moderate   |   |
| Citation:                  | 30 TAC Chapter 122, SubChapter B 122.143(4)<br>30 TAC Chapter 122, SubChapter B 122.145(2)(A)<br>30 TAC Chapter 122, SubChapter B 122.145(2)(C)<br>30 TAC Chapter 122, SubChapter B 122.146(2)<br>5C THC Chapter 382, SubChapter A 382.085(b) |
| Description:               | Failed to submit a timely annual compliance certification and its associated deviation report for the period of 11/12/2003 through 11/11/2004.  |
- B. Any criminal convictions of the state of Texas and the federal government.
- N/A

C. Chronic excessive emissions events.

D. The approval dates of investigations. (CCEDS Inv. Track. No.)

|     |    |            |          |
|-----|----|------------|----------|
| N/A | 1  | 08/21/2002 | (7406)   |
|     | 2  | 11/26/2002 | (17211)  |
|     | 3  | 11/26/2002 | (17228)  |
|     | 4  | 03/30/2004 | (264449) |
|     | 5  | 03/30/2004 | (264218) |
|     | 6  | 05/27/2004 | (270127) |
|     | 7  | 06/30/2004 | (278192) |
|     | 8  | 07/07/2004 | (278909) |
|     | 9  | 08/29/2005 | (402836) |
|     | 10 | 02/28/2006 | (455139) |
|     | 11 | 03/29/2006 | (459745) |
|     | 12 | 09/21/2006 | (497246) |
|     | 13 | 09/28/2006 | (497264) |
|     | 14 | 11/03/2006 | (515086) |
|     | 15 | 04/20/2007 | (542117) |
|     | 16 | 04/26/2007 | (543048) |

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date: 05/27/2004 (270127)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(b)(2)(F)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
5C THC Chapter 382, SubChapter A 382.085(b)

Rqmt Prov: PERMIT 36889

Description: Failure to prevent unauthorized NOx emissions from the HRSG Unit No. 2 during an emission event which lasted from December 12, 2003 through December 14, 2003.

Date: 02/28/2006 (455139)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 116, SubChapter B 116.115(a)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THC Chapter 382, SubChapter A 382.085(b)

Rqmt Prov: PERMIT Permit 36889, Special Condition 10B

OP Permit O-01843, S.C. 1A and 6A

Description: Failure to submit timely quarterly Continuous Emissions Monitoring Systems (CEMS) reports.

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN  
ENFORCEMENT ACTION  
CONCERNING  
SABINE COGEN, LP  
RN100209766**

§ **BEFORE THE**  
§  
§ **TEXAS COMMISSION ON**  
§  
§ **ENVIRONMENTAL QUALITY**

## **AGREED ORDER DOCKET NO. 2007-0781-AIR-E**

### **I. JURISDICTION AND STIPULATIONS**

At its \_\_\_\_\_ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Sabine Cogen, LP ("Sabine Cogen") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and Sabine Cogen appear before the Commission and together stipulate that:

1. Sabine Cogen owns and operates a electric power generation plant at 4647 Farm-To-Market Road 1006 in Orange, Orange County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Commission and Sabine Cogen agree that the Commission has jurisdiction to enter this Agreed Order, and that Sabine Cogen is subject to the Commission's jurisdiction.
4. Sabine Cogen received notice of the violations alleged in Section II ("Allegations") on or about April 25, 2007.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by Sabine Cogen of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Fifteen Thousand Seven Hundred Thirty Dollars (\$15,730) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Sabine Cogen has paid Twelve Thousand Five Hundred Eighty-Four Dollars



(\$12,584) of the administrative penalty and Three Thousand One Hundred Forty-Six Dollars (\$3,146) is deferred contingent upon Sabine Cogen's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If Sabine Cogen fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require Sabine Cogen to pay all or part of the deferred penalty.

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
8. The Executive Director of the TCEQ and Sabine Cogen have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.
9. The Executive Director recognizes that Sabine Cogen has implemented the following corrective measures at the Plant:
  - a. On January 24 and 25, 2007, cleaned the ammonia flow nozzle and adjusted the ammonia header valves to ensure proper flow of ammonia to the Selective Catalytic Reduction ("SCR") ammonia injection system catalysts to more effectively control excess nitrogen oxides ("NO<sub>x</sub>") emissions;
  - b. On February 7, 2007, replaced the ammonia control valve;
  - c. On February 23 and March 2, 2007, conducted additional training for control operators on:
    - i. procedures established to monitor the Continuous Emissions Monitoring System ("CEMS") Data Acquisition Handling System ("DAHS");
    - ii. operation and troubleshooting of the SCR ammonia injection system;
    - iii. air permit compliance and procedures to immediately notify plant management of potential incidents;
  - d. On May 2, 2007, installed an alarm to the Distributed Control System ("DCS") operator control panel to alert control operators of a potential ammonia exceedance as soon as possible as the event approaches, so that the potential exceedance can be investigated and repairs/adjustments can be immediately implemented;
  - e. By May 4, 2007, implemented administrative procedures to ensure that hourly fuel consumption information can be captured manually in the event of a system computer failure;
  - f. On May 17, 2007, installed an alarm to the DCS operator control panel to alert control operators when a daily span calibration has failed; and
  - g. By May 29, 2007, commenced on-the-job training of contractor personnel on CEMS maintenance operations.



10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that Sabine Cogen has not complied with one or more of the terms or conditions in this Agreed Order.
11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

## II. ALLEGATIONS

As owner and operator of the Plant, Sabine Cogen is alleged to have:

1. Failed to perform daily span calibrations of the NO<sub>x</sub> and carbon monoxide ("CO") CEMS, in violation of 30 TEX. ADMIN. CODE §§ 101.20(1), 116.115(c), 122.143(4), 40 CODE OF FEDERAL REGULATIONS ("CFR") § 60.13(d)(1), New Source Review Permit ("NSRP") No. 36889, Special Conditions ("SC") 10A and 13B, Federal Operating Permit ("FOP") No. O-1843, General Terms and Conditions ("GTC"), Special Terms and Conditions ("SC") 4F and 6A, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 20, 2007. Specifically, from July 26 through August 2, 2006 and January 8 through 11, 2007, Sabine Cogen failed to perform the daily span calibrations of the Unit 1 NO<sub>x</sub> and CO CEMS due to an empty span calibration gas cylinder.
2. Failed to maintain hourly average fuel consumption records, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 18B, FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 20, 2007. Specifically, the average hourly fuel consumption records from each cogeneration train, Unit 1 and Unit 2, for the period July 26 through August 30, 2006 were unavailable during the investigation due to a technical problem with the historical data recording system.
3. Failed to limit ammonia emissions below a concentration of 10 parts per million by volume on a dry basis ("ppmvd") from August 19 through August 22, 2006, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 7, FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 20, 2007.
4. Failed to comply with the hourly average NO<sub>x</sub> concentration limit of 9 ppmvd from 23:00 on November 15 until 03:00 on November 16, 2006, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), NSRP No. 36889, SC 2, FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 20, 2007.
5. Failed to maintain the NO<sub>x</sub> emission rate from Unit 1 Stack (EPN: SAB-1) below the maximum allowable emission rate of 23.4 pounds per hour ("lbs/hr"), in violation of 30 TEX. ADMIN. CODE



§§ 116.115(b)(2)(F), 122.143(4), FOP No. O-1843, GTC, SC 6A, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 20, 2007. Specifically, on August 2, 2006, the stack emitted 31.31 lbs/hr of NO<sub>x</sub> from 07:00 to 08:00.

6. Failed to include deviations incurred during the semiannual period of May 12, 2006 through November 11, 2006 in the Semiannual Deviation Report and Annual Compliance Certification submitted on December 8, 2006, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4), 122.145(2)(A), 122.146(1) and (5)(C), FOP No. O-1843, GTC, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 20, 2007. Specifically, Sabine Cogen submitted the report and certification but did not report any deviations. All of the aforementioned allegations include some days that should have been reported, and Sabine Cogen also failed to report CEMS downtime which occurred on September 5, 2006.

### III. DENIALS

Sabine Cogen generally denies each allegation in Section II ("Allegations").

### IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that Sabine Cogen pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and Sabine Cogen's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations, which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Sabine Cogen, LP, Docket No. 2007-0781-AIR-E" to:

Financial Administration Division, Revenues Section  
Attention: Cashier's Office, MC 214  
Texas Commission on Environmental Quality  
P.O. Box 13088  
Austin, Texas 78711-3088

2. It is further ordered that Sabine Cogen shall undertake the following technical requirements:
  - a. Within 30 days after the effective date of this Agreed Order, submit an amended Semiannual Deviation Report for the period May 12, 2006 through November 11, 2006 and Annual Compliance Certification for the period November 12, 2005 through November 11, 2006 to report missing deviations;
  - b. Within 60 days after the effective date of this Agreed Order, install CEMS software upgrade to allow continuous monitoring from remote locations;
  - c. By December 31, 2008, reconfigure the data recording system computers so that data will transmit to other computers that work independently of each other and will be captured should one fail;



- d. Within 30 days after completion of Ordering Provisions 2.b. and 2.c. submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with the Ordering Provisions. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

- e. The reports and certifications required by Ordering Provisions 2.a. and 2.d. shall be submitted to:

Order Compliance Team  
Enforcement Division, MC 149A  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

with a copy to:

Air Section, Manager  
Beaumont Regional Office  
Texas Commission on Environmental Quality  
3870 Eastex Freeway  
Beaumont, Texas 77703-1892

3. The provisions of this Agreed Order shall apply to and be binding upon Sabine Cogen. Sabine Cogen is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
4. If Sabine Cogen fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, Sabine Cogen's failure to comply is not a violation of this Agreed Order. Sabine Cogen shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. Sabine Cogen shall notify the Executive Director within seven days after Sabine Cogen becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by Sabine Cogen shall be made in writing to the Executive Director. Extensions are not effective until Sabine Cogen receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.



6. This Agreed Order, issued by the Commission, shall not be admissible against Sabine Cogen in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
7. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to Sabine Cogen, or three days after the date on which the Commission mails notice of the Order to Sabine Cogen, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.



## SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

\_\_\_\_\_  
For the Commission

  
\_\_\_\_\_  
For the Executive Director

\_\_\_\_\_  
Date 11/13/2007

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date August 17, 2007

\_\_\_\_\_  
JOHN G. LAMBERT  
Name (Printed or typed)  
Authorized Representative of  
Sabine Cogen, LP

\_\_\_\_\_  
Vice President  
Title

**Instructions:** Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.

