Sempra
Texas Services, LP

December 2, 2005

Ms. Karen Hill
Texas Commission on Environmental Quality
P.O. Box 13087 (MC - 206)
Austin, Texas 78711

Re: Stakeholder Comments: East Texas Electric Generating Facilities (ETX EGF) as requested at the November 18, 2005 meeting

Dear Ms. Hill:

Sempra Texas Services, LP attended the Electric Generating Facility Stakeholder Meeting that was held on Friday, November 18, 2005. Based upon our review of the discussion and proposed implementation, Sempra Texas Services has comments on the findings and recommendations on TCEQ's conceptual proposal to require further NOx reductions from East Texas Electric Generating Units (EGUs). Sempra Texas Services appreciates the opportunity to provide input at this stage of the process, so that the TCEQ can be made aware of the problems associated with the contemplated requirements. Sempra Texas Services generally agrees with the comments submitted by the Gulf Coast Lignite Coalition.

Sempra Texas Services, LP is a wholly owned subsidiary of Sempra Energy and, in turn, is the parent of various business units participating in the energy markets serving the State of Texas. Sempra Texas Services has a vital stake in the development of Texas energy services. Sempra Texas Services does not believe TCEQ has justification to support a rule that seeks NOx emission reductions from East Texas EGUs beyond the reductions that have already been accomplished and those that are required by federal law.

A. <u>The rulemaking process is moving too quickly to effectively address affected parties concerns.</u>

Sempra Texas Services only became aware of this rulemaking process in early November and on November 18 was asked to provide comments on some very technical information for which limited data is publicly available. The speed of these rulemaking deliberations is not conducive to objective problem solving and does not allow for a

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studied approach to fully and properly identify and address possible concerns. Nevertheless Sempra Texas Services, LP has endeavored to raise issues of concern in these comments.

B. EGUs in the parts of East Texas outside of the DFW non-attainment area have already achieved significant NOx emissions reductions.

In May 2005, Sempra Texas Services, LP performed process adjustments at its Twin Oaks generating facilities to reduce its NOx emissions. The resulting reductions in permitted emissions were greater than 70% from its previously permitted emissions levels. Likewise, other EGUs in the parts of East Texas outside of the DFW non-attainment area have achieved similar significant NOx emissions reductions under 30 TAC Chapter 117, Subchapter B, and the voluntary agreements under the Northeast Texas Air Care Early Action Compact, while all other types of sources in those parts of East Texas, except cement kilns, have not been required to achieve any NOx emissions reductions.

C. The TCEQ staff has not provided adequate technical and scientific support for their position.

Sempra Texas Services, LP feels the TCEQ staff has not provided adequate technical and scientific support for their position that further NOx emissions reductions in the parts of East Texas outside of the DFW non-attainment area would be necessary to bring the DFW non-attainment area into attainment with the 8-hour ozone standard.

Sempra Texas Services, LP believes the reason the DFW non-attainment area is not in attainment with the 8-hour ozone standard is because of the NOx and VOC emissions from sources located in that area, especially mobile, off-road sources, and other area sources, and not because of the EGUs or other types of NOx emissions sources located in parts of East Texas outside the DFW non-attainment area.

D. The TCEQ should focus future TCEQ rules on requiring the requisite NOx and VOC emission reductions from mobile, off-road sources, and other area sources, in the DFW non-attainment area.

Rather than focusing on NOx emissions from EGUs, the TCEQ staff needs to focus their attention and future TCEQ rules on requiring NOx and VOC emission reductions from sources, especially mobile, off-road sources, and other area sources in the DFW non-attainment area in the original 4-county DFW non-attainment area.

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Interestingly, it is not clear that the 8-hour ozone monitoring data collected at the DFW non-attainment area monitoring sites since 2000 have demonstrated that those NOx emissions reductions have moved the DFW non-attainment area towards attainment with the 8-hour ozone standard. In fact, it is not clear based on such monitoring data if those NOx emissions reductions resulted in any reduction, much less a meaningful and necessary reduction, in the 8-hour ozone design value in the DFW non-attainment area.

Before seeking to impose more stringent NOx emissions limits on EGUs in the parts of East Texas outside the DFW non-attainment area, the TCEQ needs to first demonstrate that the previous NOx emissions achieved by such EGUs since 2000 have resulted in a meaningful and necessary reduction in the 8-hour ozone design value in the DFW non-attainment.

E. EGUs in East Texas will have to make further NOx emissions reductions under the Clean Air Interstate Rule.

It is also important to remember that EGUs in East Texas will have to make further NOx emissions reductions under the Clean Air Interstate Rule (CAIR), and that no other type of NOx emissions source in East Texas will have to make any NOx emissions reductions under CAIR.

Sempra Texas Services, LP appreciates the opportunity to participate in this stakeholder process and for the TCEQ's willingness to receive and consider our comments.

Sincerely,

Darren Stephens
President

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