

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Air Permits Division and
Field Operations Staff

Date: October 20, 2006

Thru: Richard A. Hyde, P.E., Director, Air Permits Division

From: Anne M. Inman, P.E., Manager, General/Standard/Rule (GSR) Permits Section

Subject: Electric Generators under Permit by Rule (Revised)

Introduction: This memorandum revises the January 19, 2006 memorandum, same subject, and supersedes all previous memos. It is intended to clarify the authorization mechanism for some engines or turbines used for electric generation under permit by rule (PBR) §106.512.

Issue/Discussion: The agency issued a standard permit for electric generating (EG) facilities in June, 2001 to update technical requirements for combustion units that generate electricity throughout the state, including individual engines and generator sets. This standard permit was focused on an anticipated number of small electric generating units that are becoming an option for electric customers as an alternative to central station generating units as a primary source of electricity due to electric restructuring and electric reliability concerns. These EGs, sited at or near a load that will use all or most of the electricity generated, may be equipped to export electricity to the electrical grid. The standard permit was designed to provide a streamlined permitting method to encourage the use of “clean” EG technologies in these circumstances.

During a concurrent update to PBR §106.512, engines and turbines used to generate electricity were not allowed to use the PBR except for a few circumstances that are stated in the PBR. However, during this rulemaking, certain clarifications were inadvertently omitted, including the exception for any electric generating facility site that cannot be connected to an electric grid. Use of the electric grid is encouraged; however, since these facilities were never intended to be excluded from the PBR, this memorandum is needed to document the availability of PBR §106.512 for their use. However, PBR §106.512 may not be used for the purpose of generating power to operate permitted facilities. Facilities authorized by a New Source Review permit must obtain authorization of electrical generation facilities through a permit amendment.

Action: Effective immediately, PBR §106.512 may be claimed to authorize engines or turbines used to generate electricity exclusively for on-site use at locations where the electric grid is not readily available or where it is not economically feasible to connect to the electric grid. The owner or operator of the site may be asked to validate that access to the electric grid is not available in the local area or to describe why connecting to the grid is not economically feasible. Economic feasibility is generally not part of a Permit by Rule review. However, to provide flexibility and offer the applicant the option to use a PBR, we have made an attempt to allow limited discussion for this issue. Applicants are strongly encouraged to apply for a case-by-case New Source Review Permit where their situation can be fully addressed. In addition, this policy memo does not preclude the use of PBR §106.511 for portable, emergency, and/or standby engines used to generate power, such as when the electrical grid is down. This memorandum does not apply to any other facility type and will expire upon adoption of the revised PBR §106.512, or upon the adoption of PBRs for facility types when the use of an internal combustion engine is addressed in that individual PBR.