

Underlying Justifications for Expanding Emergency Reciprocating Internal Combustion Engine (RICE) Utilization from 15 to the Proposed 100 Hours

EPA correctly documented in the June 7th, 2012 proposal that emergency RICE use under Section 112 up to 100 annual hours **will have no adverse health or environmental impacts** and that requiring these units to follow “management practices” will minimize emissions. NRECA comments addressed expanding the definition of emergency use and allowing economic demand (load management or peak shaving) beyond the proposed 2017 sunset.

A significant number of cooperatives and principally their commercial and agricultural customers benefit from contractual arrangements where the customers make their RICE units available for limited use for emergency and economic demand response. While the economic benefit is represented by a small reduction in their monthly electric bills, it is a significant benefit to these communities by increasing electric reliability under emergency response and minimizing otherwise excessive electricity charges during the peak demand periods that typically occur less than 100 hours annually.

NRECA also commented that EPA could require Generally Available Control Technologies (GACT) on emergency RICE units such as ultra-low sulfur diesel fuel for emergency use RICE plus the added emission control of crankcase ventilation for load management RICE. EPA had already defined “management practices” as GACT for spark ignition units operated in sparsely populated areas. Notably, all emergency RICE are already required to follow management practices.

Emergency Demand Response

While EPA expanded emergency demand response activities for up to 100 hours, the definition, as noted by OMB during its review, was not sufficiently broad to address local emergencies. Avoiding local emergencies is critical to avoiding cascading blackout scenarios that could lead to region wide blackouts at the RTO or ISO levels.

NRECA has worked closely with EPA and offered concrete alternatives to the proposed language for emergency demand response that would allow the avoidance of many situations that lead to local blackouts. We’re hopeful that EPA expanded the definition of emergency use to incorporate the following language we provided: Adding §63.6640(f)(ii)(b)

“or...the dispatch follows reliability, emergency operation or similar protocols that either directly or indirectly follow NERC, regional, state, public utility commission or local standards or guidelines¹when called upon by a reliability coordinator, balancing authority, transmission operator or one of their designees; or a local municipal authority to mitigate local transmission and/or distribution limitations so as to avert potential voltage collapse or line overloads that could lead to the interruption of power supply in a local area or region.”

¹ <http://www.nerc.com/page.php?cid=2|20>

Economic Demand Response (Peak Shaving)

NRECA is concerned that EPA may backtrack from the June 7, 2012 proposal on an equally significant component for cooperatives – economic demand response. EPA proposed 50 hours of annual use with a 2017 sunset.

The economic benefit for this subset of Emergency RICE use is in the form of mitigated costs for the cooperative and their customers during peak periods when power and sometimes transmission costs are excessive. Cooperatives pass along the savings to the owners of the emergency RICE through reduced electric bills: a win-win arrangement. We commented that load management should be allowed with no 50 hour limit or sunset, but within the 100 hour cap allowed for emergency RICE.

At a minimum, EPA's proposal to grant 50 hours for emergency RICE load management until April, 2017 is appropriate and justified because of reliability concerns as cooperatives and the broader utility sector work to meet the UMATS requirements. We note that OMB also questioned the sunset provision as unnecessary or limiting it to non attainment areas after 2017.

In discussions with EPA, NRECA subsequently offered the following language for both load management and to account for anticipated variances in annual hours needed for load management via a 3-year rolling average for emergency RICE: Adding to §63.6640(f)(4)(ii) and new (iii)

*“On or after April 16, 2017, the 50 hours per year for non-emergency situations cannot be used for peak shaving or non-emergency demand response, or to otherwise supply power as part of a financial arrangement with another entity, **except this prohibition excludes continental (lower 48 states) emergency stationary RICE hours of operation utilized to supply off grid power provided that compression ignition emergency RICE utilize ultra-low sulfur diesel fuel (15 ppm) and install either a closed or open crankcase filtration system as appropriate for the engine, and follows management practices as described in Table 2d of Subpart ZZZZ.***

(iii) Compliance with the hours of limitation in §63.6640(f)(4) for emergency RICE used in non-emergency situations shall be based on a calendar year three-year rolling average with the total hours not to exceed 100 in any calendar year and with the first annual compliance period beginning three years after the year in which the June 7, 2012 proposal is finalized. The owner/operator must maintain records on the hours of usage according to §63.6655.”

Other issues in the proposal we support

NRECA supports EPA's decision to further define and distinguish between urban and rural operations of units as many units operated in remote areas would have no adverse health or environmental impacts

EPA established a reasonable approach for allowing Tier 1 and Tier 2 certified engines to avoid costly retrofits in areas where states mandate replacement of those units within the next few years

EPA correctly determined that Tier 3 certified engines installed prior to June, 2006 are compliant with the RICE MACT without additional controls

EPA has provided no compliance relief for units subject to these requirements and facilities will not know EPA's final decision until several months from the May, 2013 compliance deadline.