



Protecting Texas
by Reducing and
Preventing Pollution

INTEROFFICE MEMORANDUM

DATE: November 10, 2004
TO: All Air Permits Division and Field Operations staff
THRU: Richard A. Hyde, P.E., Director, Air Permits Division *RAH*
FROM: Anne M. Inman, Manager, General/Standard/Permits by Rule Section *Am*
SUBJECT: Electric Generators under Permit by Rule

Introduction: This memo 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 facilities in June, 2001 to update technical requirements for combustion units which generate electricity throughout the state. This standard permit was focused on an anticipated number of small electric generating (EG) 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 be used the PBR except for a few circumstances which were stated in the PBR. However, during this rulemaking, certain clarifications were inadvertently omitted, including the exception for any electric generating facility site which cannot be connected to an electric grid.

Excerpt from *Electric Generating Units Air Quality Standard Permit Summary Document*, June 1, 2001: "The new air quality standard permit will be effective June 1, 2001, and authorizes certain electric generating units installed or modified after June 1, 2001 that generate electricity for use by the owner or operator and/or generate electricity to be sold to the electric grid." Since these facilities were never intended to be authorized by the standard permit, this memo is needed to document the availability of PBR §106.512 for their use.

The executive director has initiated rule changes to codify this practice and eliminate unnecessary paperwork for like-in-kind engine and turbine replacements, minimizing resources expended by the regulated community and the TCEQ. This memo bridges the gap until that rule change is adopted by the commission, which is expected no later than August 31, 2005.

Action: Effective immediately, engines or turbines used to generate electricity for use exclusively on-site at locations which cannot be connected to an electric grid may be authorized under PBR §106.512.
This memorandum will expire August 31, 2005.