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City of Middletown

16 James Street, Middletown, New York 10940

Established 1888

February 23, 2018

Mr. Chris Allgeier
CPV Valley Energy Center
3330 U.S. Route 6
Middletown, NY 10940

Subject: Excess Air Pollutant Emissions and Requested Compliance Plan
Competitive Power Ventures Inc. (CPV)
CPV Valley Energy Center, Wawayanda, NY

Dear Mr. Allgeier:

I am writing to request that CPV immediately cease all operations of its Valley Energy Center, in Wawayanda, NY, that could possibly cause excess air emissions until CPV prepares and submits a Compliance Plan to the City of Middletown and to the New York State Department of Environmental Conservation (DEC). I would also like to request a meeting with CPV and DEC to discuss preparation and review of a Compliance Plan, under which the plant could quickly return to operation, to coordinate air pollutant monitoring and oversight, and to discuss the issues raised in this letter. I understand that you started air emission sampling Monday evening, February 19th. I request access to that data.

We have retained CDM Smith Inc. to review CPV's pre-construction air permit (Permit ID 3-3356-00136/00001) on the City's behalf, and in light of the excess air emissions from the plant starting February 18th that generated citizen complaints and concerns. CDM Smith has identified the issues discussed below.

CDM Smith Comments

Although CPV is not required to meet the numeric air pollutant emission limits¹ during the plant shakedown period, the following air permit conditions do apply at all times, including during plant and equipment startup. CPV has possibly violated one or more of these conditions:

- Condition 9, Item 9.1: “No person shall cause or allow emissions of air contaminants to the outdoor atmosphere of such quantity, characteristic or duration which are injurious to human, plant or animal life or to property, or which unreasonably interfere with the comfortable enjoyment of life or property. Notwithstanding the existence of specific air quality standards or emission limits, this prohibition applies, but is not limited to, any particulate, fume, gas, mist, odor, smoke, vapor, pollen, toxic or deleterious emission, either alone or in combination with others.”
- Facility Level Conditions, Item B: “Notwithstanding the provisions of 6 NYCRR Chapter III, Subchapter A, no person shall allow or permit any air contamination source to emit air contaminants in quantities which alone or in combination with emissions from other contamination sources would contravene any applicable ambient air quality standard and/or cause air pollution. In such cases where contravention occurs or may occur, the Commissioner shall specify the degree and/or method of emission control required.”
- Condition 62, Item 62.2: “No person shall operate a stationary combustion installation which exhibits greater than 20 percent opacity (six minute average), except for one six-minute period per hour of not more than 27 percent opacity. The Department reserves the right to perform or require the performance of a Method 9 opacity evaluation at any time during facility operation.”

“The permittee will conduct observations of visible emissions from the emission unit, process, etc. to which this condition applies at the monitoring frequency stated below while the process is in operation [required when either turbine is firing distillate fuel oil]. The permittee will investigate, in a timely manner, any instance where there is cause to believe that visible emissions have the potential to exceed the opacity standard.”

“The permittee shall investigate the cause, make any necessary corrections, and verify that the excess visible emissions problem has been corrected. If visible emissions with the potential to exceed the standard continue, the permittee will conduct a Method 9 assessment within the next operating day . . . ”

¹ For sulfuric acid (H₂SO₄), sulfur dioxide (SO₂), particulate matter (PM₁₀ and PM_{2.5}), carbon monoxide (CO), nitrogen oxides (NO_x), and ammonia (NH₃).

CDM Smith has these additional comments and questions:

- Condition 59, Item 59.2, requires that for the turbines, excess emissions of NO_x, CO and ammonia “must be reported for all periods of unit operation, including start-up, shutdown and malfunction.” Please confirm that this is being done.
- Condition 49 requires notification of the date of initial startup (which would be when the first equipment was started for commissioning and shakedown). Has this notice been provided? What was the initial startup date?
- Condition 5, Item 5.2 requires the collection of NO_x, CO, and NH₃ emissions data for each turbine during conditions of start-up, shutdown and fuel-switching, in order to establish enforceable numeric emissions limits for these transient conditions. Please confirm that this is being done.
- Has the turbine air pollution control equipment been bypassed during any startup, testing or commissioning of the turbines?
- Condition 99, Items 99.3 and 99.6, limit each turbine’s fuel oil consumption to 720 hours per year (approximately 30 days). Is it CPV’s reading of the permit that this limit does not apply during the shakedown period?
- The permit does not appear to include an operating condition for steam cleaning/blowing. Is this a routine maintenance activity? Will enforceable emission limits of particulate matter and hazardous air pollutants be established for this activity?
- The pre-construction permit expires on July 31, 2018. Is CPV seeking to extend the expiration date of this permit?

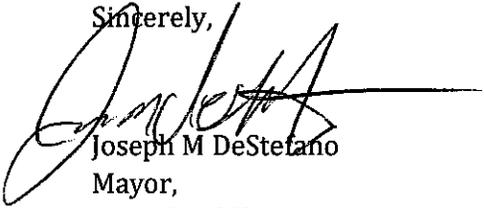
CDM Smith recommends that CPV prepare a Compliance Plan that lists all plant commissioning and startup activities that will emit air pollutants, including, but not limited to, steam cleaning/blowing, and turbine and other equipment startups, testing and shutdowns. For each of these activities, the Compliance Plan should identify air contaminants that would be emitted, expected emission rates, expected duration of each event, expected total number of events during commissioning, and the best management practices that will be employed to minimize these emissions. The Compliance Plan should meet the requirements of 6 NYCRR Part 201-6.2(d)(8)(iii)(b) for Title V Sources, and the guidance in the federal Startup Shutdown Malfunction (SSM) State Implementation Plan (SIP) Call Rule (80 FR 33840, June 12, 2015) for managing excess emissions during SSM events. We

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would concur that commissioning operations could proceed again at CPV once DEC accepts the Compliance Plan as meeting these requirements.

In conclusion, I respectfully request that CPV immediately stop all operations that could potentially cause excess emissions. I believe this is necessary to protect the health of our residents. I look forward to working with you and with the DEC closely and quickly to arrange for monitoring oversight, and for preparation of a Compliance Plan, under which the plant could return to operation.

Sincerely,



Joseph M DeStefano
Mayor,
City of Middletown



Jacob S. Tawil, P.E.
Commissioner of Public Works
City of Middletown

cc: John Razzano, Supervisor, T. Wawayanda
Miguel J Rodrigues, Council President C. Middletown
Christopher Hogan, DEC
Cynthia Hibbard, CDM Smith