

AIR DERC_100226539-408478_
USE_20131213_Use_D2969

12/13/2013 ----- EBTP IMS- PROJECT RECORD -----

PROJECT#: 408478 STATUS: P
RECEIVED: 11/08/2013 PROJTYPE: BDIU

DISP CODE: C

ISSUED DT:

SUP-DISP DATE: 12/13/13**STAFF ASSIGNED TO PROJECT:**

MUSA, JOSEPH

PROJECT NOTES:

USE PERIOD 1/1/2014 - 12/31/2014.

PROJECT TRANSACTIONS**COMPANY DATA**

COMPANY NAME: SAN MIGUEL ELECTRIC COOPERATIVE INC
CUSTOMER REGISTRY ID: CN600132278

PORTFOLIO DATA

NUMBER: P1625 NAME: SAN MIGUEL ELECTRIC - RN100226539

SITE DATA

ACCOUNT: AG0007G

REG ENTITY ID: RN100226539

SITE NAME: SAN MIGUEL ELECTRIC PLANT

COUNTY: ATASCOSA

NEAREST CITY: CHRISTINE

LOCATION: 6200 FM 3387

CONTACT DATA

NAME: LANE A WILLIAMS

TITLE: PLANT ENGINEER

STREET: PO BOX 280 CITY/STATE, ZIP: JOURDANTON, TX , 78026-0

PHONE: 830-784-3411 ext 264

FAX: 830-784-3250 ext 0

Email: lwilliams@smeci.net

TRANSACTION DATA

TRANSACTION TYPE: DERC_INTEN

DATE ENTERED: 2013-11-15 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

D2969

DELETED DATE:

EFFECTIVE YEAR:

TONS: 209.40

DOLLARS: 0

CERTIFICATE NO.: D2913 COUNTY : ATASCOSA

COMPANY DATA

COMPANY NAME: SAN MIGUEL ELECTRIC COOPERATIVE INC
CUSTOMER REGISTRY ID: CN600132278

PORTFOLIO DATA

NUMBER: P1625 NAME: SAN MIGUEL ELECTRIC - RN100226539

SITE DATA

ACCOUNT: AG0007G

REG ENTITY ID: RN100226539
SITE NAME: SAN MIGUEL ELECTRIC PLANT
COUNTY: ATASCOSA
LOCATION: 6200 FM 3387

NEAREST CITY: CHRISTINE

CONTACT DATA**TRANSACTION DATA**

TRANSACTION TYPE: DERC_INTEN
DATE ENTERED: 2013-12-13 00:00:00.0
CONTAMINATE: NOX
ALLOWANCE0

DELETED DATE: EFFECTIVE YEAR:
TONS: **52.70** DOLLARS: **0**
CERTIFICATE NO.: **D2981** COUNTY : **ATASCOSA**

COMPANY DATA

COMPANY NAME: SAN MIGUEL ELECTRIC COOPERATIVE INC
CUSTOMER REGISTRY ID: CN600132278

PORTFOLIO DATA

NUMBER: P1625 NAME: SAN MIGUEL ELECTRIC - RN100226539

SITE DATA

ACCOUNT: AG0007G
REG ENTITY ID: RN100226539
SITE NAME: SAN MIGUEL ELECTRIC PLANT
COUNTY: ATASCOSA
LOCATION: 6200 FM 3387

NEAREST CITY: CHRISTINE

CONTACT DATA**TRANSACTION DATA**

TRANSACTION TYPE: DERC_INTEN
DATE ENTERED: 2013-12-13 00:00:00.0
CONTAMINATE: NOX
ALLOWANCE0

DELETED DATE: EFFECTIVE YEAR:
TONS: **291.40** DOLLARS: **0**
CERTIFICATE NO.: **D2969** COUNTY : **ATASCOSA**

TRANSACTION DATA

TRANSACTION TYPE: DERC_RET
DATE ENTERED: 2013-12-13 00:00:00.0
CONTAMINATE: NOX
ALLOWANCE0

DELETED DATE: EFFECTIVE YEAR:
TONS: **1812.90** DOLLARS: **0**
CERTIFICATE NO.: **D3083** COUNTY : **ATASCOSA**

TRACKING ACTIVITIES

PM RECEIVED DATE : 11/19/2013 LETTER ISSUED :

INTENT PROJECT	INTENT RECEIVED	INTENT CERTIFICATE	INTENT AMOUNT	TOTAL AMOUNT	PERIOD START DATE	PERIOD END DATE	INTENT FLAG	PROJECT	USE RECEIVED	USE AMOUNT	USE CERTIFICATE
300908	2/17/2005	D1156	756.6	3236.8	5/1/1905	12/31/1905		400452	1/19/2006	691.5	D2142
400287	11/2/2005	D1243	1037.6	2480.2	1/1/2006	12/31/2006		401339	1/26/2007	605	D2244
401199	10/16/2006	D2070	1037.6	1442.6	1/1/2007	12/31/2007		402254	1/25/2008	431	D2310
402076	10/22/2007	D2143	65.1	65.1	1/1/2008	12/31/2008		403916	6/9/2009	65.1	D2143
402076	10/22/2007	D2196	405	405	1/1/2008	12/31/2008		403916	6/9/2009	264.9	D2418
402076	10/22/2007	D2245	291.2	432.6	1/1/2008	12/31/2008		403916	6/9/2009	0	0
403106	10/1/2008	D2311	480.8	606.6	1/1/2009	12/31/2009		406726	1/19/2010	201.8	D2876
403106	10/1/2008	D2312	141.4	141.4	1/1/2009	12/31/2009		406726	1/19/2010	141.4	D2312
404063	10/20/2009	D2050	530.2	3195.4	1/1/2010	12/31/2010		406728	1/13/2011	320.8	D2912
406727	10/18/2010	D2338	125.8	125.8	1/1/2011	12/31/2011		406403	1/27/2012	125.8	D2338
406727	10/18/2010	D2420	140.8	291.2	1/1/2011	12/31/2011		406403	1/27/2012	140.8	D2931
406727	10/18/2010	D2877	279	279	1/1/2011	12/31/2011		406403	1/27/2012	279	D2877
406729	10/21/2011	D2419	140.1	140.1	1/1/2012	12/31/2012		407776	1/29/2013	140.1	D2419
406729	10/21/2011	D2450	30.4	2665.2	1/1/2012	12/31/2012		407776	1/29/2013	30.4	D2979
406729	10/21/2011	D2913	209.4	209.4	1/1/2012	12/31/2012		407776	1/29/2013	0	0
406729	10/21/2011	D2924	150.4	150.4	1/1/2012	12/31/2012		407776	1/29/2013	97.7	D2980
407396	11/6/2012	D2934	530.5	2634.8	1/1/2013	12/31/2013	YES	Due by 3/31/2014			
408478	11/8/2013	D2913	209.4	209.4	1/1/2014	12/31/2014		Due by 3/31/2015			

Available Certificates

D2969	291.4	2104.3
D2981	52.7	52.7

Certificate	Type	Pollutant	Amount	DERC Reserved?	Gen Started	Expires of Gen Ended	Can be Traded?	Mobile Gen?	Gen County	Gen Cert	Gen RN
D2913	DERC	NOX	209.4	No	4/1/2004	3/31/2005	Yes	No	ATASCOSA	D2050	RN100226539
D2969	DERC	NOX	2104.3	No	4/1/2004	3/31/2005	Yes	No	ATASCOSA	D2050	RN100226539
D2981	DERC	NOX	52.7	No	1/4/2003	3/31/2004	Yes	No	ATASCOSA	D1156	RN100226539

Before using this data, verify in IMS it is correct. If it isn't, please let me know.

Retained cert: D-3083 @ 1812.9

DISCRETE EMISSION CREDITS INTENT TO USE TECHNICAL REVIEW

Project No.:	408478	Customer Reference No.:	CN600132278
Project Type:	BDIU	Regulated Entity Reference No.:	RN100226539
Company:	San Miguel Electric Cooperative, Inc.	Facility Name:	San Miguel Electric Plant
City:	Christine	County:	Atascosa
Project Manager:	Mr. Joseph Musa	Portfolio Number:	P1625

Project Overview

San Miguel Electric Cooperative, Inc. (San Miguel Electric), submitted a Form DEC-2 (Notice of intent to Use Discrete Emission Credits) received November 8, 2013. San Miguel Electric intends to use nitrogen oxides (NO_x) Discrete Emission Reduction Credits (DERC) in complying with the requirements of 30 Texas Administrative Code (TAC) §117.3010(1)(A)(ii) on a utility electric power coal-fired boiler. The Facility Identification Number (FIN) for the boiler was reported on the form as Stack 1; this FIN was changed by the project manager to #6, the designation used for the unit in the emissions inventory for the site. The use period is January 1, 2014 through December 31, 2014.

San Miguel Electric requested that 553.4 tons (including the 10% environmental contribution and the 5% compliance margin) of NO_x credits be used to cover potential excess emissions from the boiler. This value was revised by the project manager to 553.5 tons because of a rounding error in the initial estimate.

A total amount of 553.5 tons will be set aside from certificates D-2913, D-2969, and D-2981. Since certificate D-2969 is not completely set aside, the retained amount of 1,812.9 tons will be issued back to the company on certificate D-3083.

Discrete Emission Credit Use

The boiler, with a maximum permit limit of 4,972.5 million British thermal units per hour (MMBtu/hr), is subject to the emission specification for attainment demonstration (ESAD) in §117.3010(1)(A)(ii). The ESAD for the boiler is 0.165 pounds of NO_x per million British thermal units (lb/MMBtu), while its expected annual average emission rate is 0.189 lb/MMBtu. The expected emission rate represents an average value that was determined from emission data over a 36-month period that ended September 2013. (The boiler is operated with a NO_x continuous emissions monitoring system.)

The same extended period was used in previous intent projects. For the use period of January 1, 2012 through December 31, 2012, the actual annual average emission rate of 0.17905 lb/MMBtu was less than the expected annual average emission rate of 0.188 lb/MMBtu. With the tuning of the controls on the boiler, the expected emission rate of 0.189 lb/MMBtu appears to be conservative. Since this emission rate exceeds the ESAD value, San Miguel Electric intends to use DERCs to cover potential excess emissions.

Certificates used.....	D-2913, D-2969, D-2981
Pollutant.....	NO _x
Amount.....	553.5 tons
Regulation.....	§117.3010(1)(A)(ii)
Use Period.....	01/01/2014 - 12/31/2014

Discrete Emission Credit Use Calculation Method

San Miguel Electric assumed that the boiler would be continuously operating with a firing duty of 4,972.5 MMBtu/hr for 336 days. Thus, the expected level of activity for the use period would be 4,972.5 MMBtu/hr × 24 hrs/day × 336 days, or 40,098,240 MMBtu. In calculating the amount of discrete emission credits (DEC) needed,

DISCRETE EMISSION CREDIT INTENT TO USE TECHNICAL REVIEW

Page 2

Project Number: 408478

the company employed an outdated equation that appears to be equivalent to the equation in 30 TAC §101.376(d)(2)(B), as amended. Per §101.376(d)(2)(B):

$$\text{DECs needed} = \text{ELA} \times (\text{EER} - \text{RER})$$

Where:

ELA = expected level of activity

EER = expected emission rate per unit activity

RER = regulatory emission rate per unit activity

$$\text{DECs needed} = 40,098,240 \text{ MMBtu} \times (0.189 \text{ lb/MMBtu} - 0.165 \text{ lb/MMBtu}) \div 2,000 \text{ lb/ton}$$

$$\text{DECs needed} = 481.2 \text{ tons}$$

$$10\% \text{ environmental contribution} = 48.2 \text{ tons}$$

$$5\% \text{ compliance margin} = 24.1 \text{ tons}$$

$$\text{Total DECs needed} = 481.2 \text{ tons} + 48.2 \text{ tons} + 24.1 = 553.5 \text{ tons}$$

Conclusion

San Miguel Electric has a sufficient amount of DECs needed to be in compliance with §117.3010(1)(A)(ii) during the intended use period of January 1, 2014 through December 31, 2014. Certificates D-2913 and D-2981 will be completely set aside for this intent. New certificate D-3083 for 1,812.9 tons of NO_x remaining from certificate D-2969 will be issued to San Miguel Electric for future use.

Joseph Musa 12/20/13
Project Manager Date

DLR 12/31/13
Peer Reviewer Date

Bruce W 1/2/14
Work Lead Date



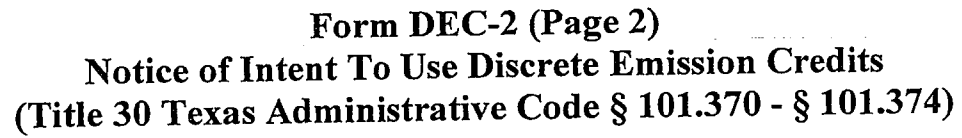
Form DEC-2 (Page 1)

Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.374)

RECEIVED
NOV 08 2013
AIR QUALITY
DIVISION

A notice of intent to use must be submitted to the Texas Commission on Environmental Quality (TCEQ) DERC Registry in accordance with the following requirements:

I. COMPANY IDENTIFYING INFORMATION		
A. Company Name: San Miguel Electric Cooperative, Inc. ✓		CN600132278
B. Owner or Operator of User Source: San Miguel Electric		
C. Plant/Site Name: San Miguel Plant		
D. Street Address: 6200 FM 3387		
E. Nearest City: Christine		F. Zip Code: 78012
G. County: Atascosa		H. Primary SIC: 4911 AG0007G
I. Regulated Entity Number: RN100226539 ✓		J. Air Permit No.: 4180A
K. Telephone: 830-784-3411		L. Fax: 830-784-3411 P1625
M. Mailing Address: P.O. Box 280		
City: Jourdanton	State: Texas	Zip Code: 78026
II. TECHNICAL CONTACT IDENTIFYING INFORMATION		
A. Technical Contact Name: (X Mr. ___Mrs. ___Ms. ___Dr.) Lane A. Williams		
B. Technical Contact Title: Environmental Engineer		
C. Telephone: 830-784-3411	D. Fax: 830-784-3411 3250	E. E-Mail: lwilliams@smeci.net
F. Mailing Address: P.O. Box 280		
G. City: Jourdanton	State: Texas	Zip Code: 78026
III. CONTACT FOR PURCHASE OF CREDIT		
A. Contact Name: (X Mr. ___Mrs. ___Ms. ___Dr.) Joseph G. Eutizi		
B. Sale Contact Title: Engineering Manager		
C. Telephone: 830-784-3411	D. Fax: 830-784-3411 3250	E. E-Mail: jeutizi@smeci.net
F. Mailing Address: P.O. Box 280		
F. City: Jourdanton	State: Texas	Zip Code: 78026
IV. STATE AND FEDERAL REQUIREMENTS		
Applicable State and Federal requirements that the DERCs will be used for compliance: 30 TAC 117		
V. INTENDED USE PERIOD		
Intended Use Start Date 01/01/2014		Intended Use End Date 12/31/2014

[illegible]



Form DEC-2 (Page 3)
Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.374)

VII. MOST STRINGENT EMISSION RATE

Describe basis for most stringent allowable emission rate: G Permit _____ G RACT _____ G Other: SIP
Notes: _____

State Implementation Plan which limits NOx emissions to 0.165 lb/mmBtu by May 1, 2005.

VIII. PROTOCOL

Protocol used to calculate DERC:

Note: Attach the actual calculations that were used to determine the amounts of DERCs needed to this form

IX. TOTAL DERCs REQUIRED FOR USE (round up to the nearest ton)

Tons of DERCs required (from Sect. VI.)	CO:	NO _x : <u>481.2</u> ✓	PM ₁₀ :	SO ₂ :	VOC:
Environmental Contribution (+ 10%)	CO:	NO _x : <u>48.1</u>	PM ₁₀ :	SO ₂ :	VOC:
Compliance Margin (+ 5%) (if DERCs requires >10 tons)	CO:	NO _x : <u>24.1</u> ✓	PM ₁₀ :	SO ₂ :	VOC:
Offset Ratio (if required)	CO:	NO _x :	PM ₁₀ :	SO ₂ :	VOC:
Total DERCs required	CO:	NO _x : <u>553.4</u>	PM ₁₀ :	SO ₂ :	VOC:

X. DERC INFORMATION

Name of the DERC Generator: San Miguel Electric

DERC Generator Account Number: AG-0007-G

Serial numbers of the DERCs acquired or to be acquired: _____

Note: The serial numbers are assigned by the TCEQ



Form DEC-2 (Page 4)
Notice of Intent To Use Discrete Emission Reduction Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.374)

XI. PURCHASE DATES AND PRICES

Date on which the DERCs were acquired or will be acquired: ____/____/____

Price of the DERCs acquired or the expected price of the DERCs to be acquired: \$ _____. ____ per ton (Required)

XII. CERTIFICATION BY RESPONSIBLE OFFICIAL

I, Joseph G. Eutizi, hereby certify, to the best of my knowledge and belief, that this application is correct and the proposed use claimed on this notice meets the requirements of all applicable state and federal rules and regulations. I further understand that the discrete emission reduction credits listed in this notice for use may devalue upon review of their creditability.

Signature

Date 11-6-13

Title

Engineering Manager

Mail application to:

Emission Banking and Trading Program
TCEQ MC 163
PO BOX 13087
AUSTIN, TX 78711-3087

DERC CALCULATIONS FOR USE IN 2014

San Miguel Electric Cooperative, Inc. NOx is being reduced permanently while attempting to make sufficient reductions to meet the Texas SIP limit of 0.165 lb/mmBtu.

For San Miguel SA < BA therefore:

$$(BA * BER) - (SA * SER) = \text{DERC Intended to be Used}$$

$$(0.189 \text{ lb/mmBtu} * 40,098,240 \text{ mmBtu}) - (0.165 \text{ lb/mmBtu} * 40,098,240 \text{ mmBtu})$$
$$7,578,567 \text{ lbs} - 6,616,210 \text{ lbs} = 962,357 \text{ lbs} / 2000 = \overset{481.17}{\text{481.2 tons intended to be used}} \checkmark$$

Where: Emission Reduction Baseline Activity Heat Input and emission rate is based on the time period from January 1 to December 31 using the max Permit Limit for Heat input of 4972.5mmBtu/hr and the average for 36 months from October 2010 to September 2013 for a NOx emission rate of 0.189 lb/mmBtu. The total number of hours is based on a 25 day Spring Outage and a 4 day Fall Outage.

BA = emission reduction baseline activity

$$BA = (336 \text{ days}) * (24 \text{ hrs}) * (4,972.5 \text{ mmBtu})_{\text{hr}} = 40,098,240 \text{ mmBtu} \checkmark$$

$$BA = \underline{40,098,240 \text{ mmBtu}}$$

BER = emission reduction baseline emission rate

$$BER = \underline{0.189 \text{ lb/mmBtu NOx}}$$

Where: Emission Reduction Expected Activity Heat Input is based on the time period of January 1 to December 31 using the max Permit Limit of 4,972.5 mmBtu/hr. The emission reduction expected emission rate is the SIP limit of 0.165 lb/mmBtu for emissions after 05/01/2005.

EA = emission reduction expected activity

$$EA = (336 \text{ days}) * (24 \text{ hrs}) * (4,972.5 \text{ mmBtu}) = 40,098,240 \text{ mmBtu}$$

$$EA = \underline{40,098,240 \text{ mmBtu}}$$

EER = emission reduction expected emission rate

$$EER = \underline{0.165 \text{ lb/mmBtu NOx}}$$

ANSWERS TO
DERC QUESTIONS ON CHECK LIST

Administrative Information:

Form DEC-2 is being submitted within 45 days of the intended use period.

Credits generated at San Miguel will be used at this unit and not transferred to another facility.

Emission reduction expected emission rate is included.

Intended use is for 12 months.

Applicable permits: Federal Operating Permit O-00085, TCEQ Air Permit 4180A, Standard Permit ~~54188~~. 54118

Emission Inventory Summary Sheet for most recent year used in SIP determination is included.

Emission Inventory Summary Sheets for two consecutive years used for baseline period determination are included.

Calculation protocol used to determine amount of credit requested is included.

The credit is real, surplus and quantifiable based on the included data demonstrating the significant lowering of NOx due to addition of an over fire air system to the boiler.

Rule citations for NOX at San Miguel are 40CFR Part 60 citation 60.44, 40CFR Part 75 citation 76.5.

The NOx emissions are subject to the SIP for East and Central Texas with final emission limits in effect May 1, 2005.

Technical Review Requirements:

The reduction strategy is to meet the SIP for East and Central Texas with final NOx emission limits of 0.165 mmBtu by May 1, 2005

VOC reductions are not included in this notice.

Baseline emission activity for NOx is included.

Baseline emission rate for NOx is included.

The most stringent emission rate for NOx is included.

Backup documentation for two consecutive calendar years of baseline activity is included.

Calculations using equation 101.373 are included.

Backup documentation for the baseline emission rate is included.

NSPS is applicable. CFR40 Part 60 is applicable.

NESHAPS is not applicable.

MACT is not applicable.

RACT does not apply.



SAN MIGUEL ELECTRIC COOPERATIVE, INC.

November 4, 2013

Mr. Joseph Musa
Texas Commission on Environmental Quality
Air Quality Division (MC-206)
P.O. Box 13087
Austin, Texas 78711

Subject: Notice of Intent to use Discrete Emission Reduction Credits

Dear Mr. Musa,

Attached, please find a copy of the DEC-2 Notice of Intent to Use Discrete Emission Reduction Credits with calculations included. San Miguel has raised the emission reduction baseline emission rate (BER) to 0.189 lb/mmBtu which is about the same as last years estimate. The baseline remained similar even with the tuning of the current controls and remains an accurate estimate of usage for the following year.

If you have any further questions, please contact me at (830) 784-3411 ext. 264 or e-mail me at lwilliams@smeci.net.

Sincerely,

Lane A. Williams
Environmental Engineer

From: (830) 784-3411
 Becky Neal
 San Miguel Electric Cooperativ
 6200 FM 3387

Origin ID: SVZA

FedEx
Express

J13201306280326

Christine, TX 78012

Ship Date: 07NOV13
 ActWgt: 0.3 LB
 CAD: 8517440/INET3430

Delivery Address Bar Code



SHIP TO: (512) 239-1467

BILL SENDER

Joe Musa

Texas Commission on Environmental Q
 12100 PARK THIRTY FIVE CIR BLDG F
 MC 206
 AUSTIN, TX 78753

Ref # 99012050

Invoice #

PO #

Dept #

RECEIVED

NOV 08 2013

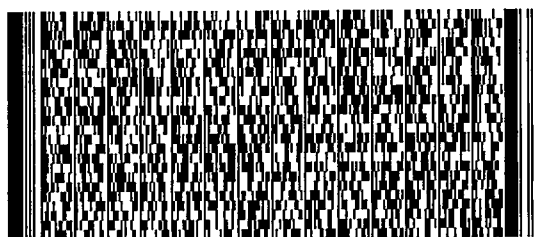
TCEQ MAIL CENTER

JR

FRI - 08 NOV 10:30A
 PRIORITY OVERNIGHT

TRK# 7971 0462 8992

0201

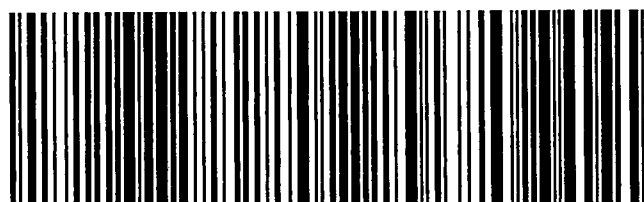


A8 MMRA

78753

TX-US

AUS



51AG1/D5E6/1A9E

After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

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Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 8, 2014

Mr. Lane A. Williams
Environmental Engineer
San Miguel Electric Cooperative, Inc.
PO Box 280
Jourdanton, Texas 78026

Re: Notice of Intent to Use Discrete Emission Credits
San Miguel Electric Plant
Christine, Atascosa County
Regulated Entity Reference Number: RN100226539
Customer Reference Number: CN600132278
Portfolio Number: P1625

Dear Mr. Williams:

This letter is in response to San Miguel Electric Cooperative, Inc.'s Notice of Intent to Use Discrete Emission Credits (Form DEC-2) postmarked November 8, 2013. We understand that San Miguel Electric Cooperative, Inc., intends to use 553.4 tons (including the 10% environmental contribution and the 5% compliance margin) of nitrogen oxides (NO_x) discrete emission reduction credits (DERC) for the purpose of compliance with 30 Texas Administrative Code (TAC) §117.3010(1)(A)(ii) for the period of January 1, 2014 through December 31, 2014. The reported value of 553.4 tons was revised to 553.5 tons, since the environmental contribution portion was not rounded up to the nearest tenth of a ton.

We have reviewed your application and have determined that the notice and the credits to be used meet the requirements of 30 TAC §§101.370 through 101.379. Certificates D-2913, D-2969, and D-2981 will be set aside for this intent, with the remaining 1,812.9 tons of NO_x from certificate D-2969 retained on certificate D-3083.

Enclosed is a copy of certificate D-3083 issued to San Miguel Electric Cooperative, Inc., in the amount of 1,812.9 tons of NO_x DERCs. This certificate has been deposited in the Texas Commission on Environmental Quality (TCEQ) Discrete Emission Credit Registry. The certificate may be transferred or sold to another owner for use per the requirements of §§101.370 through 101.379.

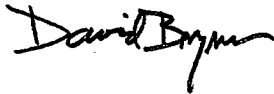
In addition, please use the revised version of the Form DEC-2. The revised Form DEC-2 provides additional information required for processing the application and is available at http://www.tceq.texas.gov/airquality/banking/derc_program.html.

Mr. Lane A. Williams
Page 2
January 8, 2014

Thank you for your cooperation in this matter. If you have questions concerning this review or need further assistance regarding the banking program, please contact Mr. Joseph Musa at (512) 239-3328 or write to the Texas Commission on Environmental Quality, Office of Air, Air Quality Division (MC-206), PO Box 13087, Austin, Texas 78711-3087.

This action is taken under authority delegated by the executive director of the TCEQ.

Sincerely,

A handwritten signature in black ink, appearing to read "David Brymer". The signature is fluid and cursive, with the first name "David" being more prominent than the last name "Brymer".

David Brymer, Director
Air Quality Division

DB/JM/db

cc: Air Section Manager, Region 13 – San Antonio

Project Number: 408478

Banking and Trading Route Slip

AIR QUALITY DIVISION Emissions Banking and Trading Program (EBTP)				
Company Name: <i>San Miguel Electric Cooperative, Inc.</i>				
Project Number: <i>408478</i>				
Type of Letter Correspondence: <i>DCTR, DCUA, DCCT</i>				
Letter Document Number(s): <i>22363, 22364, 22365</i>				
Certificate Number(s): <i>D2913, D2969, D2981, D3083</i>				
Review and Approval	Initial and Date	Comments/Special Instructions		
Brandon Greulich, Work Lead EBTP	<i>BG 1/2/14</i>			
Author/Creator Review	<i>JM 12/20/13</i>	<i>DS 12/31/13 re-review</i>		
Peer Review Completed	<i>DS 12/17/13</i>	<i>edits & question 12/17/13</i>		
Author/Creator	<i>JM 12/13/13</i>		Copies Made	Date
			<i>JM</i>	<i>1/6/14</i>
			Mailed	Date
			<i>JM</i>	<i>1/8/14</i>
Please return Routing Slip and Project Paperwork to Brandon Greulich, MC-206, Ext. 4904				

C 1/9/14

02/05/2015 ----- EBTP IMS- PROJECT RECORD -----

PROJECT#: 409554 STATUS: P DISP CODE: C
RECEIVED: 01/26/2015 PROJTYPE: BUSE ISSUED DT:
SUP-DISP DATE: 2/5/15

STAFF ASSIGNED TO PROJECT:
MUSA, JOSEPH

PROJECT NOTES:
USE PERIOD 1/1/2014 - 12/31/2014. INTENT PROJECT 408478

PROJECT TRANSACTIONS**COMPANY DATA**

COMPANY NAME: SAN MIGUEL ELECTRIC COOPERATIVE INC
CUSTOMER REGISTRY ID: CN600132278

PORTFOLIO DATA

NUMBER: P1625 NAME: SAN MIGUEL ELECTRIC - RN100226539

SITE DATA

ACCOUNT: AG0007G
REG ENTITY ID: RN100226539
SITE NAME: SAN MIGUEL ELECTRIC PLANT
COUNTY: ATASCOSA NEAREST CITY: CHRISTINE
LOCATION: 6200 FM 3387

CONTACT DATA

NAME: LANE A WILLIAMS TITLE: PLANT ENGINEER
STREET: PO BOX 280 CITY/STATE, ZIP: JOURDANTON, TX , 78026-0
FAX: 830-784-3250 ext 0
PHONE: 830-784-3411 ext 264
Email: lwilliams@smeci.net

TRANSACTION DATA

TRANSACTION TYPE: DERC_USE
DATE ENTERED: 2015-01-29 00:00:00.0 DELETED DATE: EFFECTIVE YEAR:
CONTAMINATE: NOX TONS: 209.40 DOLLARS: 0
ALLOWANCE0 CERTIFICATE NO.: D2913 COUNTY : ATASCOSA

D2969

COMPANY DATA

COMPANY NAME: SAN MIGUEL ELECTRIC COOPERATIVE INC
CUSTOMER REGISTRY ID: CN600132278

PORTFOLIO DATA

NUMBER: P1625 NAME: SAN MIGUEL ELECTRIC - RN100226539

SITE DATA

ACCOUNT: AG0007G

REG ENTITY ID: RN100226539
SITE NAME: SAN MIGUEL ELECTRIC PLANT
COUNTY: ATASCOSA
LOCATION: 6200 FM 3387

NEAREST CITY: CHRISTINE

CONTACT DATA**TRANSACTION DATA**

TRANSACTION TYPE: DERC_USE

DATE ENTERED: 2015-02-04 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

TONS: 52.70

CERTIFICATE NO.: D2981 COUNTY : ATASCOSA

EFFECTIVE YEAR:

DOLLARS: 0

COMPANY DATA

COMPANY NAME: SAN MIGUEL ELECTRIC COOPERATIVE INC

CUSTOMER REGISTRY ID: CN600132278

PORTFOLIO DATA

NUMBER: P1625 NAME: SAN MIGUEL ELECTRIC - RN100226539

SITE DATA

ACCOUNT: AG0007G

REG ENTITY ID: RN100226539

SITE NAME: SAN MIGUEL ELECTRIC PLANT

COUNTY: ATASCOSA

LOCATION: 6200 FM 3387

NEAREST CITY: CHRISTINE

CONTACT DATA**TRANSACTION DATA**

TRANSACTION TYPE: DERC_RET

DATE ENTERED: 2015-02-04 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE

DELETED DATE:

TONS: 291.20

CERTIFICATE NO.: D3162 COUNTY : ATASCOSA

EFFECTIVE YEAR:

DOLLARS: 0

TRANSACTION DATA

TRANSACTION TYPE: DERC_USE

DATE ENTERED: 2015-02-04 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

TONS: 0.20

CERTIFICATE NO.: D3161 COUNTY : ATASCOSA

EFFECTIVE YEAR:

DOLLARS: 0

TRACKING ACTIVITIES

PROJECT SUBMITTED : 01/23/2015 PM RECEIVED DATE : 02/03/2015 PROJECT COMPLETED :

INTENT PROJECT	INTENT RECEIVED	INTENT CERTIFICATE	POLLUTANT	INTENT AMOUNT	TOTAL AMOUNT	PERIOD START DATE	PERIOD END DATE	USE PROJECT	USE RECEIVED	USE AMOUNT	USE CERTIFICATE
408478	11/8/2013	D2913	NOX	209.4	209.4	1/1/2014	12/31/2014	409554	1/26/2015		
		D2969	NOX	291.4	2104.3						
		D2981	NOX	52.7	52.7						

DISCRETE EMISSION CREDIT USE TECHNICAL REVIEW

Project No.:	409554	Customer Reference No.:	CN600132278
Project Type:	BUSE	Regulated Entity Reference No.:	RN100226539
Company:	San Miguel Electric Cooperative, Inc.	Facility Name:	San Miguel Electric Plant
City:	Christine	County:	Atascosa
Project Manager:	Mr. Joseph Musa	Portfolio Number:	P1625

Project Overview

San Miguel Electric Cooperative, Inc. (San Miguel Electric), submitted a Notice of Use of Discrete Emission Credits (Form DEC-3) received January 26, 2015 for the use of nitrogen oxides (NO_x) Discrete Emission Reduction Credits (DERC) in complying with the requirements of 30 Texas Administrative Code (TAC) §117.3010(1)(A)(ii) on a utility electric power coal-fired boiler. The facility identification number (FIN) for the boiler was reported on the form as Stack; this FIN was changed by the project manager to #6, the designation used for the unit in the emissions inventory for the site. The use period is January 1, 2014 through December 31, 2014.

San Miguel Electric reported the use of 261.8 of NO_x DERCs to cover excess emissions from the boiler. This value was revised by the project manager to 262.3 tons (including the 10% environmental contribution of 23.9 tons) tons because of rounding errors.

The corresponding intent to use project is 408478. The intent project set aside a total of 553.5 tons from certificates D-2913, D-2969, and D-2981. Since 262.3 tons were actually used, certificate D-3162 will be issued to San Miguel Electric for 291.2 tons of NO_x DERCs retained from certificate D-2969. Certificates D-2913, D-2969, and D-2981 will be cancelled.

Discrete Emission Credit Use

The boiler, with a maximum permit limit of 4,972.5 million British thermal units per hour (MMBtu/hr), is subject to the emission specification for attainment demonstration (ESAD) in §117.3010(1)(A)(ii). The ESAD for the boiler is 0.165 pounds of NO_x per million British thermal units (lb/MMBtu), while its annual average emission rate is 0.183 lb/MMBtu. The average emission rate was based on emissions and heat input data recorded by a continuous emissions monitoring system (CEMS), as specified in §117.3035(d). Since the average emission rate exceeded the ESAD value, San Miguel Electric used DERCs to cover the excess emissions.

Certificates used.....	D-2913, D-2969, D-2981
Pollutant.....	NO _x
Amount.....	262.3 tons
Regulation.....	§117.3010(1)(A)(ii)
Use Period.....	01/01/2014 - 12/31/2014

Discrete Emission Credit Use Calculation Method

The boiler was operated continuously for 6,750 hours with an average firing duty of 3924.16 MMBtu/hr. The heat input, as measured by the CEMS, was 26,488,080 MMBtu. In calculating the amount of discrete emission credits (DEC) used, the company employed an outdated equation that

DISCRETE EMISSION CREDIT USE TECHNICAL REVIEW

Page 2

Project Number: 409554

appears to be equivalent to the equation in 30 TAC §101.376(e)(2)(A), as amended. Per §101.376(e)(2)(A):

$$\text{DECs Used} = (\text{ALA}) \times (\text{AER} - \text{RER})$$

Where:

ALA = actual level of activity

AER = actual emission rate per unit activity

RER = regulatory emission rate per unit activity

$$\text{DECs used} = 26,488,080 \text{ MMBtu} \times (0.183 \text{ lb/MMBtu} - 0.165 \text{ lb/MMBtu}) \div 2,000 \text{ lb/ton}$$

$$\text{DECs used} = 238.39 \text{ tons; rounded up to the nearest tenth of a ton} = 238.4 \text{ tons}$$

$$10\% \text{ environmental contribution} = 23.84 \text{ tons; rounded up to the nearest tenth of a ton} = 23.9 \text{ tons}$$

$$\text{Total DECs used} = 238.4 \text{ tons} + 23.9 \text{ tons} = 262.3 \text{ tons}$$

Conclusion

San Miguel Electric has a sufficient amount of NO_x DECs to be in compliance with §117.3010(1)(A)(ii) at the San Miguel Electric Plant for the use period of January 1, 2014 through December 31, 2014. New certificate D-3162 for 291.2 tons of NO_x DECs remaining from certificate D-2969 will be issued to San Miguel Electric for future use. Certificates D-2913, D-2969, and D-2981 will be cancelled.

Joseph Musa 2/9/15
Project Manager Date

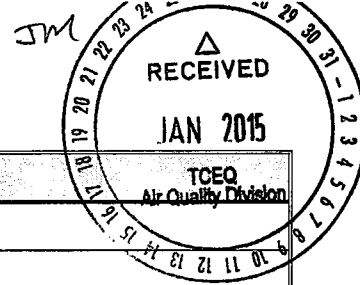
Melvin Pann 2/10/15 For
Peer Reviewer Date work lead

Work Lead Date



Form DEC-3 (Page 1)
Notice of Use of Discrete Emission Credit
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

409554



I. COMPANY IDENTIFYING INFORMATION			
A. Company Name: San Miguel Electric Cooperative, Inc. ✓			
Mailing Address: P.O. Box 280			
City: Jourdanton	State: Texas	Zip Code: 78026	
Telephone: 830-784-3411	Fax: 830-784-3250		
B. TCEQ Customer Number (CN): CN600132278 ✓			
C. Site Name: San Miguel Plant			
Street Address (If no street address, give driving directions to site) 6200 F.M. 3387			
Nearest City: Christine	Zip Code: 78012	County: Atascosa	
D. TCEQ Regulated Entity Number (RN): RN100226539 ✓			
E. TCEQ Air Account Number: (if applicable) AG-0007-6 P1625			
F. Primary SIC: 4911		Air Permit Number: 4180a	
II. TECHNICAL CONTACT IDENTIFYING INFORMATION			
A. Technical Contact Name: (<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr.) :			
Technical Contact Title: Environmental Engineer			
Mailing Address: P.O. Box 280			
City: Jourdanton	State: Texas	Zip Code: 78026	
Telephone: 830-784-3411 ext. 264	Fax: 830-784-3250	E-mail: lwilliams@smeci.net	
III. COMPANY CONTACT IDENTIFYING INFORMATION			
A. Company Contact Name: (<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr.) :			
Company Contact Title: Environmental Engineer			
Mailing Address: P.O. Box 280 78026			
City: Jourdanton	State: Texas	Zip Code: 78026	
Telephone: 830-784-3411 ext. 264	Fax: 830-784-3250	E-mail: lwilliams@smeci.net	
IV. Mass Emission Cap and Trade Program (MECT)			
Is the DERC use for compliance with 30 TAC Chapter 101, Subchapter H, Division 3? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Year DERC Generated: _____ Year of use: _____ Ratio of DERC to Allowance: _____ to _____			
Note: If DERC use is to comply with MECT then go to Section X			
V. Use Period			
Use Start Date: 01/01/2014		Use End Date: 12/31/2014	
VI. State and Federal Requirements			



Form DEC-3 (Page 2)
Notice of Use of Discrete Emission Credit
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

Applicable State and Federal requirements that the DERCs will be used for compliance: 30 TAC 117

VII. Most Stringent Emission Rate

Describe basis for most stringent allowable emission rate:

☐ Permit : _____ ☐ RACT : _____ ☒ Other: SIP

Notes:

VIII. PROTOCOL

Protocol used to calculate DERC:

Note: Attach the actual calculations that were used to determine the amounts of DERCs needed to this form

Continue to Section VII (next page)



Form DEC-3 (Page 3)
Notice of Use of Discrete Emission Credits
 (Title 30 Texas Administrative Code § 101.370 - § 101.379)

IX. Tons of DERCs Used									
Emission Point No.	FIN	Air Contaminant	Calculation of DERCs						
			Actual Emissions Rate (units)	Actual Emissions Rate (units)	Actual Total Emissions (tons)	Regulated Activity (units)	Regulated Emissions Rate (units)	Regulated Total Emissions (tons)	DERCs Used (tons)
6	Stack # 6	NOx	26,488,080 mmBtu/yr	0.183 Lb/mmBtu	2,423.7	26,488,080 mmBtu/yr	0.165 Lb/mmBtu	2,185.3	238.4 ✓ 238.39
Total:								238.4 ✓	238.4 ✓



Form DEC-3 (Page 4)
Notice of Use of Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.379)

X. TOTAL DERCS REQUIRED FOR USE (round up to the nearest tenth of a ton)

Tons of DERCS required (from Sect. VI.)	CO: _____	NO _x : <u>238.4</u> <u>238.0</u>	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Offset Ratio (if required)	CO: _____	NO _x : _____	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Environmental Contribution (+ 10%)	CO: _____	NO _x : <u>23.9</u> <u>23.84</u>	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Total DERCS Used	CO: _____	NO _x : <u>262.3</u> <u>261.8</u>	PM ₁₀ : _____	SO ₂ : _____	VOC: _____

XI. DERC INFORMATION

Name of the DERC Generator: _____
DERC Generator Regulated Entity Number: _____
Certificate number of the DERCS acquired or to be acquired: _____

Note: The certificate number is assigned by the TCEQ

XII. CERTIFICATION BY RESPONSIBLE OFFICIAL

I, Joseph Eutizi, hereby certify, to the best of my knowledge and belief, that this application is correct and the use strategy claimed on this notice has met the requirements of all applicable state and federal rules and regulations. I further state that to the best of my knowledge and belief the information in this certification is not in any way in violation of 30 TAC, Subchapter H, Division 4, §101.370-101.379 or any applicable air quality rule or regulation of the Texas Commission on Environmental Quality and that intentionally or knowingly making or causing to be made false material statements or representations in this certification is a CRIMINAL OFFENSE subject to criminal penalties. I hereby also waive the Federal statute of limitations defense in regards to the generation and use of discrete emission credits.

Signature: Joseph Eutizi Date: 1-21-15
Title: Engineering Manager

DERC CALCULATIONS ACTUAL USE IN 2014

San Miguel Electric Cooperative, Inc. NOx is being reduced permanently while attempting to make sufficient reductions to meet the Texas SIP limit of 0.165 lb/mmBtu.

For San Miguel SA < BA therefore:

(BA * BER) - (AA * AER) = DERC Actually Used

$$(0.165 \text{ lb/mmBtu} * 26,488,080 \text{ mmBtu}) - (0.183 \text{ lb/mmBtu} * 26,488,080 \text{ mmBtu})$$

$$4370533 \text{ lbs} - 4847319 \text{ lbs} = -476,786 \text{ lbs} / 2000 = \underline{238.4 \text{ tons actually used}}$$

Where: Emission Reduction Baseline Activity Heat Input is based on the time periods of January 1 to December 31 2012 using the heat input from the CEMS of 4,566.23 mmBtu/hr. NOx baseline emission rate average is based on the time periods of January 1, 2010 to December 31, 2012 using the SIP limit of 0.165 lb/mmBtu. 2014

BA = emission reduction baseline activity
6,750 hrs

$$BA = (281.250 \text{ days}) * (24 \text{ Hrs}) * (3,924.16 \text{ mmBtu/hr}) = (26,488,080 \text{ mmBtu})$$

$$BA = \underline{26,488,080 \text{ mmBtu}}$$

BER = emission reduction baseline emission rate

$$BER = \underline{0.165 \text{ lb/mmBtu}} \text{ NOx}$$

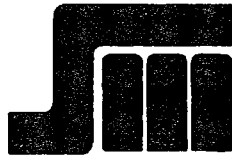
Where: Emission Reduction Actual Activity Heat Input average for the time periods of January 1, 2014 to December 31, 2014 from CEMS

AA = emission reduction actual activity

$$AA = 26,488,080 \text{ mmBtu}$$

AER = emission reduction actual emission rate

$$AER = \underline{0.183 \text{ lb/mmBtu}} \text{ NOx}$$



SAN MIGUEL ELECTRIC COOPERATIVE, INC.

January 19, 2015

Mr. Joseph Musa
Texas Commission on Environmental Quality
Air Quality Division (MC-206)
P.O. Box 13087
Austin, Texas 78711

Subject: Notice of Actual Use of Discrete Emission Reduction Credits for 2014

Dear Mr. Musa,

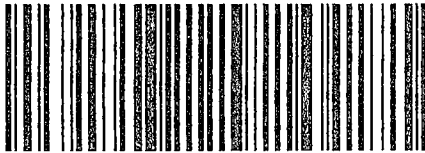
Attached, please find a copy of the Form DEC-3 Notice of Use of Discrete Emission Reduction Credits with calculations included

If you have any further questions, please contact me at (830) 784-3411 ext. 264 or e-mail me at lwilliams@smeci.net.

Sincerely,

Lane A. Williams
Environmental Engineer

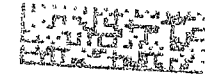
CERTIFIED MAIL



7012 3460 0000 8602 9615

RECEIVED
01/23/2015
10:58:42 AM

\$07 19⁰⁰

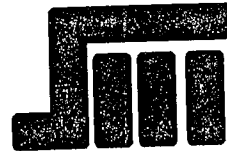


710 78012
0411 11734279

RECEIVED

JAN 26 2015

**TCEQ MAIL CENTER
CS**



San Miguel Electric Coop., Inc.
P.O. Box 280
Jourdanton, TX 78026

Mr Joe Musa
TCEQ
Emission Banking & Trading Program
(mc206)
P O Box 13087
Austin TX 78711

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 17, 2015

Mr. Lane A. Williams
Environmental Engineer
San Miguel Electric Cooperative, Inc.
PO Box 280
Jourdanton, Texas 78026

Re: Use of Discrete Emission Credits
San Miguel Electric Plant
Christine, Atascosa County
Regulated Entity Reference Number: RN100226539
Customer Reference Number: CN600132278
Portfolio Number: P1625

Dear Mr. Williams:

This letter is in response to San Miguel Electric Cooperative, Inc.'s Notice of Use of Discrete Emission Credits (Form DEC-3) received January 26, 2015 regarding the use of nitrogen oxides (NO_x) discrete emission reduction credits (DERC) for the purpose of compliance with 30 Texas Administrative Code (TAC) §117.3010(1)(A)(ii) for the period of January 1, 2014 through December 31, 2014.

Upon review of the form and supporting documentation, we have determined that the use of 262.3 tons (including the 10% environmental contribution of 23.9 tons) of NO_x DERCs meets the requirements of 30 TAC §101.376 for compliance with §117.3010(1)(A)(ii). The reported value of 261.8 tons was revised to 262.3 tons since the amounts of the required DERCs and the environmental contribution were rounded up incorrectly.

The DERCs have been used from certificates D-2913, D-2969, and D-2981, which are now cancelled. New certificate D-3162 for 291.2 tons of NO_x DERCs retained from certificate D-2969 has been issued to San Miguel Electric Cooperative, Inc., for future use.

Enclosed is a copy of certificate D-3162. This certificate has been deposited in the Texas Commission on Environmental Quality (TCEQ) Discrete Emission Credit Registry. The certificate may be transferred or sold to another owner for use per the requirements of §§101.370 through 101.379.

Thank you for your cooperation in this matter. If you have questions concerning this review or need further assistance regarding the banking program, please contact Mr. Joseph Musa at (512) 239-3328 or write to the Texas Commission on Environmental Quality, Office of Air, Air Quality Division (MC-206), PO Box 13087, Austin, Texas 78711-3087.

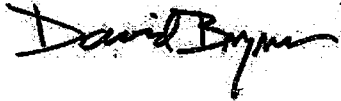
Mr. Lane A. Williams

Page 2

February 17, 2015

This action is taken under authority delegated by the executive director of the TCEQ.

Sincerely,

A handwritten signature in black ink, appearing to read "David Brymer". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Brymer, Director
Air Quality Division

DB/JM/mr

cc: Air Section Manager, Region 13 – San Antonio

Project Number: 409554

Banking and Trading Route Slip

AIR QUALITY DIVISION Emissions Banking and Trading Program (EBTP)				
Company Name: <i>San Miguel Electric Cooperative, Inc.</i>				
Project Number: <i>409554</i>				
Type of Letter Correspondence: <i>DCTR, DCUS, DCLT</i>				
Letter Document Number(s): <i>24426, 24427, 24428</i>				
Certificate Number(s): <i>D 3162, D 2913, D 2969, D 2981</i>				
Review and Approval	Initial and Date	Comments/Special Instructions		
Brandon Greulich, Work Lead EBTP	/			
Author/Creator Review	/			
Peer Review Completed	<i>MR</i> <i>2/6/15</i>	<i>minor edit / note on TR</i> <i>minor edit on letter</i>		
Author/Creator	JM 2/5/15		Copies Made	Date
			JM	2/16/15
			Mailed	Date
			JM	2/17/15
Please return Routing Slip and Project Paperwork to Brandon Greulich, MC-206, Ext. 4904				

closed
 2/20/15
 (MR)