

PROJECT#: 402076 STATUS: P
RECEIVED: 10/22/2007 PROJTYPE: BDIU

DISP CODE: *C*
ISSUED DT: *10/13/08*
SUP-DISP DATE: *10/06*

STAFF ASSIGNED TO PROJECT:
BAINE, LUKE

AIR DERC_100226539-402076_
USE_20081006_Use_D2143

PROJECT NOTES:

DERC INTENT TO USE APPROVAL: DCUA-11615, DCTR-11616, #2312 DCCT-11617

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: JOURDANTON

LOCATION: ON FM 3387 - 6200

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 0

FAX: 830-784-3250 ext 0

TRANSACTION DATA

TRANSACTION TYPE: DERC_INTEN

DATE ENTERED: 2007-10-22 00:00:00.0

DELETED DATE:

EFFECTIVE YEAR:

CONTAMINATE: NOX

TONS: 65.10

DOLLARS: 0

ALLOWANCE 0

CERTIFICATE NO.: D2143 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

NEAREST CITY: JOURDANTON

LOCATION: ON FM 3387 - 6200

CONTACT DATA**TRANSACTION DATA**

TRANSACTION TYPE: DERC_INTEN

DATE ENTERED: 2008-07-24 00:00:00.0

DELETED DATE:

EFFECTIVE YEAR:

CONTAMINATE: NOX

TONS: 405.00

DOLLARS: 0

ALLOWANCE 0

CERTIFICATE NO.: D2196 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

NEAREST CITY: JOURDANTON

LOCATION: ON FM 3387 - 6200

CONTACT DATA**TRANSACTION DATA**

TRANSACTION TYPE: DERC_INTEN

DATE ENTERED: 2008-07-24 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

EFFECTIVE YEAR:

TONS: 291.20

DOLLARS: 0

CERTIFICATE NO.: D2245 COUNTY : ATASCOSA

TRANSACTION DATA

TRANSACTION TYPE: DERC_RET

DATE ENTERED: 2008-07-24 00:00:00.0

CONTAMINATE: NOX

ALLOWANCE0

DELETED DATE:

EFFECTIVE YEAR:

TONS: 141.40

DOLLARS: 0

CERTIFICATE NO.: D2312 COUNTY : ATASCOSA

TRACKING ACTIVITESTR - DEFICIENCY
CYCLE :

11/03/2007 02/05/2008

TR - ENGINEER
RECEIVE PROJECT :

11/20/2007

TR - PROJ TECH
COMPLETE :

07/24/2008

TR - SUP/MANGR
APP/RVW RQSTD :

08/08/2008 FA - PROJECT ISSUED :

NOTICE OF INTENT TO USE DISCRETE EMISSION REDUCTION CREDITS TECHNICAL REVIEW

Project No.:	402076	Customer No.:	CN600132278
Project Type:	BDIU	Regulated Entity No.:	RN100226539
Company:	San Miguel Electric Cooperative, Inc.	Facility Name:	San Miguel Electric Plant
City:	Jourdanton	County:	Atascosa
Project Reviewer:	Mr. Luke Baine	Portfolio Name:	P1625 San Miguel Electric - RN100226539

Project Overview:

San Miguel Electric Cooperative, Inc., submitted a Form DEC-2, "Notice of Intent to Use Discrete Emission Reduction Credits," dated October 22, 2007. San Miguel Electric intends to use DERCs for compliance with the ESAD rate in 30 TAC 117.135 from the period of January 1, 2008, through December 31, 2008.

Discrete Emission Credit / Emission Reduction Credit Use

San Miguel Electric, has a maximum permitted emission rate of 0.210 lb/MMBTU, and is limited to the ESAD rate of 0.165 lb/MMBTU for coal fired power plants in the East/Central Texas region. Taking the difference in emission rates, and multiplying by the maximum firing rate of 4972.5 MMBTU/hr, San Miguel Electric intends to use a maximum of 662.0 tons of DERCs for compliance with 30 TAC 117.3010(1)(A)(ii). With a 10% environmental contribution and 5% compliance margin, the total DERC use for this project comes to 761.3 tons. The intended use period is from January 1, 2008, to December 31, 2008.

Certificate D-2143, valued at 65.1 tons of NOx, D-2196, valued at 405.0 tons of NOx, and D-2245, valued at 432.6 tons of NOx, will be reserved under this intent to use. All certificates come from certificate D-1156, which was originally generated in Atascosa County in the amount of 3236.8 tons of NOx from the addition of emissions controls at the San Miguel Electric Plant. Certificate D-2312, in the amount of 141.4 tons of NOx DERCs, will be retained by San Miguel Electric.

Certificate(s) to be used	D-2143, D-2196 & D-2245
Pollutant	NOx
Amount	761.3
Regulation	117.3010(1)(A)(ii)
Use period/Use Date	January 1, 2008 - December 31, 2008

Credit Use Calculation Methods

San Miguel Electric is limited by their permit to a firing rate of 4972.5 MMBTU/hr and an expected emission rate of 0.198 lb/MMBTU. The regulatory emission rate is 0.165 lb/MMBTU. Therefore, the amount of DERCs required to comply at their max permit limit is:

$$\text{DERC} = (4972.5 \text{ MMBTU/hr})(24 \text{ hr/day})(336 \text{ day}) * (0.198 \text{ lb/MMBTU} - 0.165 \text{ lb/MMBTU}) \\ = 1,323,242 \text{ lbs} / 2000 = 662.0 \text{ tons}$$

$$\text{Amount of DERCs needed} = 662.0 + 66.2 (10\%) + 33.1 (5\%) = 761.3 \text{ tons}$$

Conclusion:

San Miguel Electric Cooperative, Inc., has provided an amount of DERCs necessary to comply with 30 TAC 117.3010(1)(A)(ii) at their maximum allowable permit rate. 761.3 tons of NOx DERCs from Certificates D-2143, D-2196 & D-2245 will be held under this intent. Certificate D-2312, for 141.4 tons of NOx DERCs, will be retained from the incomplete use of certificate D-2245 by San Miguel Electric.

UB

8/8/2008

Project Reviewer

Date

Jim C. [Signature]

10/06/08

Team Leader/Section Manager/Backup

Date



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Form DEC-2 (Page 1)
Notice of Intent To Use Discrete Emission Credits
(Title 30 Texas Administrative Code § 101.370 - § 101.374)

**QUALITY
PLANNING**

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.		
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	
I. Regulated Entity Number: RN100226539	J. Air Permit No.: 4180A	
K. Telephone: 830-784-3411	L. Fax: 830-784-3411	
M. Mailing Address: P.O. Box 280		
City: Jourdanton	State: Texas	Zip Code: 78026
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.) Lane A. Williams		
B. Technical Contact Title: Plant 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: (<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr.) Joseph G. Eutizi		
B. Sale Contact Title: Engineering Manager		
C. Telephone: 830-784-3411	D. Fax: 830-784-3411	E. E-Mail: jeutizi@smeci.net
E. 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 01/01/2008		Intended Use End Date 12/31/2008



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Form DEC-2 (Page 3)

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

VII. MOST STRINGENT EMISSION RATE

Describe basis for most stringent allowable emission rate: ☐ Permit _____ ☐ RACT _____ ☐ 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>662.0</u>	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Environmental Contribution (+ 10%)	CO: _____	NO _x : <u>66.2</u>	PM ₁₀ : _____	SO ₂ : _____	VOC: _____
Compliance Margin (+ 5%) (If DERCs requires >10 tons)	CO: _____	NO _x : <u>33.1</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>761.3</u>	PM ₁₀ : _____	SO ₂ : _____	VOC: _____

X. DERC INFORMATION

Name of the DERC Generator: San Miguel ElectricDERC 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



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Form DEC-2 (Page 4)

Notice of Intent To Use Discrete Emission Reduction Credits 2 2 2007
(Title 30 Texas Administrative Code § 101.370 - § 101.374)AIR QUALITY
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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

Signature Date 10-17-07

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 2008

UCL 2 2 2007

AIR QUALITY
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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:

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

$$(0.198 \text{ lb/mmBtu} * 40,098,240 \text{ mmBtu}) - (0.165 \text{ lb/mmBtu} * 40,098,240 \text{ mmBtu})$$

$$7,939,452 \text{ lbs} - 6,616,210 \text{ lbs} = 1,323,242 \text{ lbs} / 2000 = \underline{662 \text{ tons intended to be used}}$$

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 the last three years for a NOx emission rate of 0.198 lb/mmBtu. The total number of hours is based on a 40 day Spring Outage and a 5 day Fall Outage.

BA = emission reduction baseline activity

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

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

BER = emission reduction baseline emission rate

$$BER = \underline{0.198 \text{ lb/mmBtu NOx}}$$

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

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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.

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.

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AIR QUALITY
PLANNING

P.O. Box 280,

⊖ Jourdanton, Texas 78026 ⊖

(830) 784-3411



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OCT 22 2007

SAN MIGUEL ELECTRIC COOPERATIVE, INC. AIR QUALITY
PLANNING

October 10, 2007

Mr. Joe Etheridge
Texas Commission on Environmental Quality
Office of Permitting, Remediation, and Registration, Air Permits Division (MC-163)
P.O. Box 13087
Austin, Texas 78711

Subject: Notice of Intent to use Discrete Emission Reduction Credits

Dear Mr. Etheridge,

Attached, please find a copy of the DEC-2 Notice of Intent to Use Discrete Emission Reduction Credits with calculations included. San Miguel has reduced the emission reduction baseline emission rate (BER) to 0.198 lb/mmBtu. The baseline was changed because the current controls installed are permanent and will provide a more 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
Plant Engineer

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 16, 2008

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

Re: Notice of Intent to Use Discrete Emission Credits
San Miguel Electric Plant
Customer Reference Number: CN600132278
Regulated Entity Number: RN100226539
Account Number: AG-0007-G

Dear Mr. Williams:

This letter is in response to your From DEC-2, entitled "Notice of Intent to Use Discrete Emission Credits," received October 22, 2007, for compliance with Title 30 Texas Administrative Code Chapter 117, for the period of January 1, 2008, through December 31, 2008. We understand you plan to use 761.3 tons of nitrogen oxides (NO_x) discrete emissions credits to meet the emission specification for attainment demonstration as defined in 30 TAC §117.3010(1)(A)(ii).

The Texas Commission on Environmental Quality (TCEQ) has reviewed your application and found that the notice and the credits to be used meet the requirements of 30 TAC §§ 101.370 - 101.379. A Form DEC-3, entitled "Notice of Use of Discrete Emission Credits," must be submitted within 90 days of the end of the use period.

Enclosed is a copy of DERC Certificate Number D-2312, issued to San Miguel Electric Cooperative, Inc., for the remaining 141.4 tons of NO_x discrete emission credits from DERC Certificate Number D-2245. This certificate has been deposited into the TCEQ Discrete Emission Credits Registry. This certificate may be transferred or sold to another owner per the requirements of 30 TAC §§ 101.370 through 101.379. Certificates D-2143, D-2196 & D-2245 are being held in reserve to satisfy this intent to use.

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. Luke Baine at (512) 239-5856 or write to the Texas Commission on Environmental Quality, Chief Engineer's Office, Air Quality Division (MC-206), P.O. Box 13087, Austin, Texas 78711-3087.

Mr. Lane A. Williams

Page 2

October 16, 2008

This action is taken under authority delegated by the Executive Director of the TCEQ.

Sincerely,

A handwritten signature in black ink, appearing to read "Susana Hildebrand".

for Susana Hildebrand, P.E., Director
Air Quality Division
Texas Commission on Environmental Quality

SH/LB/bg

cc: Air Section Managers, Region 13 - San Antonio

Project Number: 402076

The State of Texas

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Certificate Number:

D-2312



Number of Credits:

141.4 tons NOx

Discrete Emission Reduction Credit Certificate

This certifies that

San Miguel Electric Cooperative, Inc.

P.O. Box 280

Jourdanton, TX 78026

is the owner of 141.4 tons of nitrogen oxides (NOx) discrete emission reduction credits established under the laws of the State of Texas, transferable only on the books of the Texas Commission on Environmental Quality, by the holder hereof in person or by duly authorized Attorney, upon surrender of this certificate.

The owner of this certificate is entitled to utilize the discrete emission credits evidenced herein for all purpose authorized by the laws and regulations of the State of Texas and is subject to all limitations prescribed by the laws and regulations of the State of Texas.

Discrete Emission Reduction Generation Period: April 1, 2003 to March 31, 2004

Generator Regulated Entity No.: RN100226539

Generator Certificate: D-1156

County of Generation: Atascosa

October 16, 2008

Date

For the Commission

The State of Texas

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Certificate Number:

D-2312



Number of Credits:

141.4 tons NOx

Discrete Emission Reduction Credit Certificate

This certifies that

San Miguel Electric Cooperative, Inc.

P.O. Box 280

Jourdanton, TX 78026

is the owner of 141.4 tons of nitrogen oxides (NOx) discrete emission reduction credits established under the laws of the State of Texas, transferable only on the books of the Texas Commission on Environmental Quality, by the holder hereof in person or by duly authorized Attorney, upon surrender of this certificate.

The owner of this certificate is entitled to utilize the discrete emission credits evidenced herein for all purpose authorized by the laws and regulations of the State of Texas and is subject to all limitations prescribed by the laws and regulations of the State of Texas.

Discrete Emission Reduction Generation Period: April 1, 2003 to March 31, 2004

Generator Regulated Entity No.: RN100226539

Generator Certificate: D-1156

County of Generation: Atascosa

October 16, 2008

Date

A handwritten signature in black ink, appearing to read "Mark Wiley".

For the Commission