(c)

Masser, Michelle

From: Lashway, Lisa
Sent: Thursday, April 11, 2013 10:32 AM
To: Canning, Sean; Masser, Michelle
Subject: FW: NJDEP Compliance Advisory Alert - Emergency Generator Demand Response
Attachments: Compliance Advisory - Emergency Generator-Demand Response-Final.pdf; Compliance Advisory - Emergency Generator-Demand Response-Final.docx

Lisa Lashway
Mt. Olive Twp. Clerk
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PO Box 450
Budd Lake, NJ 07828

From: Randazzo, Cindy [mailto:Cindy.Randazzo@dep.state.nj.us]
Sent: Thursday, April 11, 2013 10:25 AM
To: Randazzo, Cindy
Cc: Si, Larry; Rogers, Joseph
Subject: NJDEP Compliance Advisory Alert - Emergency Generator Demand Response

Dear Municipal Official,

I am sharing with you a recent New Jersey Department of Environmental Protection (NJDEP) Compliance Advisory concerning facilities with emergency generators that participate in demand response and peak shaving energy programs. The attached Compliance Advisory Emergency Alert (two versions of the same document) notifies those facilities that the emergency generator General Permit does **not** allow the use of an emergency generator for demand response or peak shaving programs. To participate in a demand response or peak shaving program, a facility would have to obtain a regular air Preconstruction or Operating permit approval and comply with applicable requirements identified in the advisory.

NJDEP Compliance Advisories are an electronic notification service of the NJDEP Compliance & Enforcement Program providing information to subscribers notifying them of upcoming important developments involving NJDEP's Compliance & Enforcement Program and their customers including changes in regulations, training opportunities, compliance assistance information and more. The Department generally issues 15-20 compliance advisories annually.

More information, including instructions on how to subscribe, can be found by visiting NJDEP's Compliance Advisory Homepage at:
www.nj.gov/dep/enforcement/advisories.html

Sincerely,

Cindy W. Randazzo
Director
Office of Local Government Assistance
New Jersey Department of Environmental Protection
401 E. State Street
P.O. Box 402
Trenton, NJ 08625-0402
Office: 609-633-7700
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www.nj.gov/dep/

New Jersey Department of Environmental Protection

COMPLIANCE ADVISORY

ENFORCEMENT ALERT

Making You Aware of Incentives and Compliance Assistance Opportunities

Compliance & Enforcement | Issued: April 2013 | #2013-

Emergency Generators Participating in *Demand Response* and *Peak Shaving Programs* Require Air Permit Revision and Air Pollution Control

Who is affected by this advisory?

Any facility in New Jersey that owns or operates a stationary internal combustion engine that generates electricity permitted as an emergency generator under Air General Permit (GP) 005, Air Preconstruction Permit, or Title V Operating Permit.

Why is DEP issuing this advisory?

The Department has discovered that some facility owners and operators of emergency generators are entering into electric supply agreements for peak (load) shaving, demand response and like programs. **Operating emergency generators for peak shaving or demand response is permissible only if the approved air permit contains conditions specifying allowable non-emergency use and includes air pollution control.**

Stationary internal combustion engines used as emergency generators may be operated without air pollution control in three limited cases: (1) during the performance of normal testing and maintenance procedures, as recommended in writing by the manufacturer and/or as required in writing by a Federal or State law or regulation; (2) when there is power outage or the primary source of mechanical or thermal energy fails because of an emergency; or, (3) when there is a voltage reduction issued by PJM and posted on the PJM internet website (www.pjm.com) under the "emergency procedures" menu. Operation of the engine that does not meet one of these three cases disqualifies the equipment in question from meeting the definition of an emergency generator and therefore subjects the engine to air pollution control requirements and a regular air pollution control permit.

"Demand response," as recognized by the Department, is a preemptive action in which the participating facility voluntarily agrees to commence operation of its electrical generating equipment prior to the reduction in voltage or failure of electrical power in return for economic benefit. This is outside the allowable operation of emergency generators without air pollution control.

The emergency generator general permit does not allow the use of a generator for demand response or peak shaving programs. To participate in demand response or peak shaving programs a facility would have to obtain a regular air Preconstruction or Operating permit approval. This review would require the engine to comply with all applicable requirements including NOx RACT, State of The Art and health risk screening analysis.

What is DEP doing?

The Department will be issuing enforcement actions for all violators. Violators can include the facility owner/operator and the demand response aggregator. Enforcement actions may include penalty assessments, which include recovery of economic benefit.

What should I do?

If you own or operate a combustion engine that is permitted as an emergency generator under General Permit (GP) 005, air Preconstruction permit or Title V Operating permit, you may NOT operate the emergency generator for peak (load) shaving and may NOT participate in demand response programs. Your emergency generators are only allowed to operate under blackout or brownout emergencies and for testing and maintenance as described above.

If you desire to operate your combustion engine for peaking or demand response programs, please contact the Department's Air Quality Permitting Program to determine if your engine can qualify for an air permit for non-emergency use. This is possible for natural gas and diesel engines with air pollution control. You can contact the Department's Air Quality Permitting Program at:

NJDEP - Air Quality Permitting Program
Bureau of Air Permits
Preconstruction Permits Section
401 E. State Street, 2nd floor, P.O. Box 420, Mail Code 401-02
Trenton, NJ 08625-0420
Telephone – 609-292-9258

Who should I contact with questions?

NJDEP Air Quality Permitting	**609-292-9258**
Air Compliance and Enforcement - Northern Field Office (Bergen, Essex, Hudson, Hunterdon, Morris, Passaic, Somerset, Sussex, Warren, and Union Counties)	**973-656-4444**
Air Compliance and Enforcement – Central Field Office (Burlington, Mercer, Middlesex, Monmouth, and Ocean Counties)	**609-292-3187**
Air Compliance and Enforcement – Southern Field Office (Atlantic, Camden, Cape May, Cumberland, Gloucester, and Salem Counties)	**856-614-3601**

Where can I get more information?

The following web sites can be accessed for additional information regarding this advisory:

- Division of Air Quality Permitting Program website (for information about Air Quality Permits): http://www.state.nj.us/dep/aqpp/
- Specific rule containing the new requirements: http://www.state.nj.us/dep/aqm/Sub19.pdf
- For general NJDEP information (Contact NJDEP): http://www.nj.gov/cgi-bin/dep/contactdep.pl
- To comment on this advisory: http://www.nj.gov/dep/enforcement/survey.html

This advisory is intended to be a summary explanation of a department initiative. It does not include all potentially applicable requirements. If you have any questions related to compliance with this initiative, please contact the Enforcement numbers listed above.

New Jersey Department of Environmental Protection

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