



ENFORCEMENT ALERT

Making You Aware of Incentives and Compliance Assistance Opportunities

Compliance & Enforcement

Issued: May 23, 2016

#2016-04

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, GP-005A, GP-005B), 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 as defined in N.J.A.C. 7:27-19; 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 the three-above 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 require an air pollution control permit revision/modification.

"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.

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 case-by-case 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.

COMPLIANCE ADVISORY

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, GP-005A, GP-005B), 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 and/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 and Planning
Bureau of Stationary Sources
Preconstruction Permits Section
401 E. State Street, 2nd floor, P.O. Box 420, Mail Code 401-02
Trenton, NJ 08625-0420
Telephone – 609-292-0834

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/agpp/>
- Specific rule containing the new requirements: <http://www.state.nj.us/dep/agm/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.