

AIR QUALITY PERMIT

Issued To: Montana Power LLC
40 East Broadway
Butte, MT 59701

Permit #2997-04
Application Received: 07/30/01
Preliminary Determination Issued: 08/29/01
Department Decision Issued: 03/14/02
Permit Final:
AFS: 049-0013

An air quality permit, with conditions, is hereby granted to the Montana Power LLC (Montana Power – Main Line #3), pursuant to Section 75-2-204 and 211 of the Montana Code Annotated (MCA), as amended, and Administrative Rules of Montana (ARM) 17.8.701, *et seq.*, as amended, for the following:

Section I: Permitted Facilities

A. Plant Location:

A gas compressor station located approximately 10 miles east of Augusta in Section 8, Township 20 North, Range 4 West, in Lewis and Clark County, Montana. A listing of the permitted equipment is contained in Section I.A. of the Permit Analysis.

B. Current Permit Action:

The current permit action is an alteration to Permit #2997-03. On July 30, 2001, Montana Power – Main Line #3 requested that Permit #2997-03 be altered to facilitate the addition of three 1600-hp Solar Saturn turbine-driven compressors. The permit still includes hourly operational limits that will allow the facility to stay below the emission threshold that would require a Title V operating permit.

Section II: Limitations and Operating Conditions

A. Limitations and Control Requirements

1. Emissions from each of the two 1100-hp Cooper-Superior lean-burn compressor engines shall not exceed the following (ARM 17.8.710):

NO _x	4.85 lb/hr
CO	7.28 lb/hr
VOC	1.82 lb/hr

2. Emissions from each of the six 1600-hp Solar Saturn turbine-driven compressors shall not exceed the following (ARM 17.8.710):

NO _x	7.27 lb/hr
CO	2.01 lb/hr
VOC	0.56 lb/hr

3. The combined total hours of operation of the six 1600-hp Solar Saturn turbine-driven compressors shall be limited to a maximum of 15,000 hours during any rolling 12-month time period (ARM 17.8.710).
4. The combined total hours of operation of the two natural gas emergency generators shall be limited to a maximum of 1,000 hours during any rolling 12-month time period (ARM 17.8.710).
5. Montana Power – Main Line #3 shall neither install nor operate the 1600-hp Solar

Saturn turbine-driven compressor (Unit #051-01) until the 1100-hp Solar Saturn turbine-driven compressor scheduled for removal and replacement has been taken off line (ARM 17.8.710).

6. Montana Power – Main Line #3 shall not cause or authorize emissions to be discharged into the outdoor atmosphere from any sources installed on or before November 23, 1968, that exhibit an opacity of 40% or greater averaged over 6 consecutive minutes (ARM 17.8.304).
7. Montana Power – Main Line #3 shall not cause or authorize emissions to be discharged into the outdoor atmosphere from any sources installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over 6 consecutive minutes (ARM 17.8.304).
8. Montana Power – Main Line #3 shall not cause or authorize emissions to be discharged into the atmosphere from haul roads, access roads, parking lots, or the general plant property without taking reasonable precautions to control emissions of airborne particulate matter (ARM 17.8.308).
9. Montana Power – Main Line #3 shall treat all unpaved portions of the access roads, parking lots, and general plant area with fresh water and/or chemical dust suppressant as necessary to maintain compliance with the reasonable precautions limitation in Section II.A.8 (ARM 17.8.710).
10. Montana Power – Main Line #3 shall not incinerate any material other than oil soaked rags, oil adsorbents, and filters in the Smart Ash Burner. Hazardous wastes may not be incinerated in the Smart Ash Burner (ARM 17.8.710).
11. Montana Power – Main Line #3 shall not cause or authorize emissions to be discharged into the outdoor atmosphere from the Smart Ash Burner that exhibit an opacity of 10% or greater averaged over 6 consecutive minutes (ARM 17.8.715).

B. Testing Requirements

1. All source tests shall be conducted in accordance with the Montana Source Test Protocol and Procedures Manual (ARM 17.8.106).
2. Montana Power – Main Line #3 shall test Unit #051-01, Unit #051-06, Unit #051-07, and Unit #051-08 (1600-hp Solar Saturn turbine-driven compressor) for NO_x and CO, concurrently, and demonstrate compliance with the NO_x and CO emission limits contained in Section II.A.2 within 180 days of initial start up of the turbines. Unit #051-01 was permitted by Permit #2997-03 and has not yet been tested. Further testing shall continue on an every 4-year basis or according to another testing/monitoring schedule as may be approved by the Department of Environmental Quality (Department) (ARM 17.8.105 and 17.8.710).
3. Montana Power – Main Line #3 shall test Unit #051-02, Unit #051-03, (1600-hp Solar Saturn turbine-driven compressors) for NO_x and CO, concurrently, and demonstrate compliance with the NO_x and CO emission limits contained in Section II.A.2. Unit #051-02 and Unit #051-03 were last tested in November 2000. Further testing shall occur on an every 4-year basis or according to another testing/monitoring schedule as may be approved by the Department (ARM 17.8.105 and 17.8.710).
4. Montana Power – Main Line #3 shall test Unit #051-04 and Unit #051-05 (1100-hp Cooper-Superior compressor engines) for NO_x and CO, concurrently, and demonstrate

compliance with the NO_x and CO emission limits contained in Section II.A.1. The engines were last tested in November 2000. Further testing shall occur on an every 4-year basis or according to another testing/monitoring schedule as may be approved by the Department (ARM 17.8.105 and 17.8.710).

5. The Department may require further testing (ARM 17.8.105).

C. Operational Reporting Requirements

1. Montana Power – Main Line #3 shall supply the Department with annual production information for all emission points, as required, by the Department, in the annual emission inventory request. The request will include, but is not limited to, all sources of emissions identified in Section I.C of the Permit Analysis.

Production information shall be gathered on a calendar year basis and submitted to the Department by the date required in the emission inventory request and shall be in the units required by the Department. This information is required for the annual emission inventory and to verify compliance with permit limitations (ARM 17.8.505).

2. By the 25th of each month, Montana Power – Main Line #3 shall total the hours of operation for the six 1600-hp Solar Saturn turbines during the previous 12-months to verify compliance with the limitation in Section II.A.3. A written report of the compliance verification shall be submitted to the Department annually. The report for the previous calendar year shall be submitted no later than March 1 and may be submitted along with the annual inventory (ARM 17.8.710).
3. By the 25th of each month, Montana Power – Main Line #3 shall total the hours of operation for the two natural gas emergency generators during the previous 12-months to verify compliance with the limitation in Section II.A.4. A written report of the compliance verification shall be submitted to the Department annually. The report for the previous calendar year shall be submitted no later than March 1 and may be submitted along with the annual inventory (ARM 17.8.710).
4. Montana Power – Main Line #3 shall notify the Department of any construction or improvement project conducted pursuant to ARM 17.8.705(1)(r) that would include a change in control equipment, stack height, stack diameter, stack flow, stack gas temperature, source location, or fuel specifications, or would result in an increase in source capacity above its permitted operation or the addition of a new emission unit. The notice must be submitted to the Department in writing 10 days prior to start up or use of the proposed de minimis change, or as soon as reasonably practicable in the event of an unanticipated circumstance causing the de minimis change, and must include the information requested in ARM 17.8.705(1)(r)(iv) (ARM 17.8.705).
5. Montana Power – Main Line #3 shall annually certify, as required by ARM 17.8.1204(3)(b), that its actual emissions are less than those that would require the source to obtain an air quality Title V Operating Permit. The annual certification shall comply with the certification requirements of ARM 17.8.1207. The annual certification shall be submitted no later than March 1 and may be submitted with the annual emission inventory information.
6. All records compiled in accordance with this permit must be maintained by Montana Power – Main Line #3 as a permanent business record for at least 5-years following the date of the measurement, must be available at the plant site for inspection by the Department, and must be submitted to the Department upon request (ARM 17.8.710).

D. Notification

1. Montana Power – Main Line #3 shall provide the Department with written

notification of commencement of construction of the 1600-hp Solar Saturn turbine permitted by Permit #2997-03 (Unit #051-01) within 30 days after commencement of construction.

2. Montana Power – Main Line #3 shall provide the Department with written notification of the actual start-up date of the 1600-hp Solar Saturn turbine permitted by Permit #2997-03 (Unit #051-01) within 15 days of actual start-up.
3. Montana Power – Main Line #3 shall provide the Department with written notification of commencement of construction of the three new 1600-hp Solar Saturn turbines (Unit #051-06, Unit #051-07, and Unit #051-08) within 30 days after commencement of construction.
4. Montana Power – Main Line #3 shall provide the Department with written notification of the actual start-up date of the three new 1600-hp Solar Saturn turbines (Unit #051-06, Unit #051-07, and Unit #051-08) within 15 days of actual start-up.
5. Montana Power - Main Line #3 shall provide the Department with written notification of the date of manufacture for the three new 1600-hp Solar Saturn turbines (Unit #051-06, Unit #051-07, and Unit #051-08) within 30 days after commencement of construction.

E. Applicant Accepted Conditions Applicable to All Activities of Montana Power- Mainline #3 Described in the Record of Decision for the March 14, 2002, Silver Bow Generation Project and Associated Pipeline Construction Activities

Montana Power- Mainline #3 has agreed to implement several mitigation measures, as described in the Record of Decision for the CES Silver Bow Generation Project and the measures as imposed at the project sponsors' request pursuant to §75-1-201(5)(b), MCA. These mitigation measures are enforceable conditions this permit and shall remain in the permit for the lifetime of the facility.

1. Apiary Sites: Prior to building of the gas pipeline, Montana Power - Mainline #3 shall coordinate between construction activities and the beehive operators. It may be possible to relocate hives within the same apiary site; causing the hive to be situated in an area farther away from construction activities. Beekeepers typically rotate bees between apiary sites. Ideally, hives must be relocated to another registered apiary site during the period of pipeline construction.
2. Superfund Sites: Montana Power - Mainline #3 shall coordinate with ARCO to include pipeline construction in the ARCO long-term Management Plan for wildlife conservation at the Warm Springs Pond Superfund Site.
3. Topsoil Salvage: Pipeline construction activities resulting in soil excavation must salvage the uppermost topsoil horizon(s) and stockpile the materials for reclamation coversoil after regrading. At a minimum, topsoil salvage depth must include all horizons dominated by organic material or containing an accumulation of organic matter to a depth of 12 inches.
4. Multiple Horizon Soil Salvage: For agricultural lands, soil and salvage operations must include multiple horizons (i.e. topsoil and subsoil) salvaged separately and replaced sequentially to help mitigate the potential loss of soil productively.
5. Soil Compaction Minimization: All salvaged coversoil must be respread over the regraded trench using tracked equipment to minimize soil compaction.
6. 100-year Flood Plain: Temporary access roads must be located, to the maximum degree,

on soils outside the 100-year floodplain.

7. Reseeding: Montana Power - Mainline #3 shall include in the Weed Control Plan the provisions that all disturbed areas will be reseeded with site-adapted seed mixtures and adequate seed rates of pure live seed in the first appropriate season (Spring or Fall) after construction and at the landowners' discretion. Areas disturbed by the Project that supported native vegetation will be revegetated with native species.
8. Temporary Cover of Disturbed Areas: Montana Power - Mainline #3 shall reseed in the same year for all construction completed by August 31, or at landowners' discretion.
9. Minimize Vegetation Cleanup: Existing vegetation may only be cleared from areas scheduled for immediate construction work and only for the width needed for active construction activities.
10. Revegetation Reclamation: Montana Power - Mainline #3 must monitor revegetated areas and implement remedial revegetation if necessary until reclamation is successful.
11. Botanical Surveys: Montana Power - Mainline #3 shall perform pre-construction botanical surveys (weed inventory) of staging yards, contractor yards, and other associated facilities and mitigate if noxious weeds are not controlled in reclaimed areas.
12. Special-Status Plants: Montana Power - Mainline #3 shall use narrowed right-of-way or, where possible, minor reroutes to minimize or avoid impacts to special-status plant populations.
13. Montana Power - Mainline #3 and Contractor Compliance: Montana Power - Mainline #3 shall ensure contractors adhere to all mitigation measures. Montana Power - Mainline #3 will provide an environmental inspector during pipeline construction.
14. Pollution Prevention: All vehicles and equipment utilized during pipeline construction shall be clean, in good repair, and without leaks or oil, gasoline, diesel, or other materials which would contaminate stream water quality. The contractor or Montana Power - Mainline #3 shall conduct daily equipment inspection for leaking oil and fuel.
15. Big Game Avoidance: Montana Power - Mainline #3 shall consult with FWP to develop timing restrictions to avoid constructing in big game winter range during critical periods.

Section III: General Conditions

- A. Inspection - Montana Power – Main Line #3 shall allow the Department's representatives access to the source at all reasonable times for the purpose of making inspections, surveys, collecting samples, obtaining data, auditing any monitoring equipment (CEMS, CERMS) or observing any monitoring or testing, and otherwise conducting all necessary functions related to this permit.
- B. Waiver - The permit and all the terms, conditions, and matters stated herein shall be deemed accepted if Montana Power – Main Line #3 fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations - Nothing in this permit shall be construed as relieving Montana Power – Main Line #3 of the responsibility for complying with any applicable federal or Montana statute, rule or standard, except as specifically provided in ARM 17.8.701, *et seq.* (ARM 17.8.717).
- D. Enforcement - Violations of limitations, conditions and requirements contained herein may constitute grounds for permit revocation, penalties, or other enforcement as specified in Section 75-2-401 *et seq.*, MCA.

- E. Appeals - Any person or persons jointly or severally adversely affected by the Department's decision may request, within 15 days after the Department renders its decision, upon affidavit setting forth the grounds therefore, a hearing before the Board of Environmental Review (Board). A hearing shall be held under the provisions of the Montana Administrative Procedures Act. The Department's decision on the application is not final unless 15 days have elapsed and there is no request for a hearing under this section. The filing of a request for a hearing postpones the effective date of the Department's decision until the conclusion of the hearing and issuance of a final decision by the Board.
- F. Permit Inspection - As required by ARM 17.8.716, Inspection of Permit, a copy of the air quality permit shall be made available for inspection by Department personnel at the location of the permitted source.
- G. Construction Commencement - Construction must begin within 3 years of permit issuance and proceed with due diligence until the project is complete or the permit shall be revoked.
- H. Permit Fees - Pursuant to Section 75-2-220, MCA, as amended by the 1991 Legislature, failure to pay the annual operation fee by Montana Power – Main Line #3 may be grounds for revocation of this permit, as required, by that Section and rules adopted thereunder by the Board.

PERMIT ANALYSIS
Montana Power Company – Main Line #3
Permit Number: #2997-04

I. Introduction/Process Description

A. Permitted Equipment

The Montana Power Company – Main Line #3 (Montana Power – Main Line #3) facility includes:

1. (6) 1600-hp Solar Saturn Compressor Turbines
2. (2) 1100-hp Cooper-Superior Compressor Engines
3. Miscellaneous Building Heaters.
4. (2) Natural Gas Emergency Generators.
5. (1) Smart Ash Burner

B. Source Description

The Montana Power – Main Line #3 facility is located on an 11-acre site in Lewis and Clark County, Montana, approximately 10 miles east of Augusta along Highway 21. The legal description of the facility is Section 8, Township 20 North, Range 4 West, in Lewis and Clark County, Montana.

The facility is a natural gas compressor station. Natural gas is transmitted to the Main Line #3 station from Cut Bank by a 16-inch gas transmission pipeline. The pressure of the gas is boosted to a pressure of approximately 1,000 psig by six Solar Saturn gas-fired turbine-driven compressors and two Cooper-Superior reciprocating compressor engines. The two Cooper-Superior compressor engines are also used to transmit natural gas from Big Sandy to Main Line #3 via Great Falls. However, this process only occurs if excess gas is available from the Big Sandy gas fields.

C. Permit History

The original equipment at Montana Power – Main Line #3 was installed in 1966 and was, therefore, grandfathered from permitting. On January 27, 1998, Montana Power submitted a permit application for the addition of two 1100-hp Cooper-Superior compressor engines at the Main Line #3 compressor station. On April 3, 1998, the Montana Power – Main Line #3 compressor station Permit #2997-00 became final. Permit #2997-00 permitted two 1100-hp Cooper-Superior compressor engines, three 1100-hp Solar Saturn turbines, miscellaneous building heaters, two natural gas generators, a discharge scrubber tank, and a diesel fuel tank. Montana Power – Main Line #3 agreed to place operational limits on the three existing 1100-hp Solar Saturn turbines and the two existing natural gas emergency generators to limit emissions below the emission threshold that would require a Title V Operating Permit.

On August 20, 1998, Montana Power – Main Line #3 requested that permit #2997-00 be altered to include a Smart Ash Burner for the disposal of rags and other waste. On October 16, 1998, Permit #2997-01 replaced Permit #2997-00. The permit still included hourly operational limits to keep the facility below the Title V Operating Permit threshold.

On March 20, 2000, Montana Power – Main Line #3 requested that Permit #2997-01 be altered to facilitate the replacement of two 1100-hp Solar Saturn turbine-driven compressors with two 1600-hp Solar Saturn turbine-driven compressors. On May 13, 2000, Permit #2997-02 replaced Permit #2997-01. The permit still included hourly operational limits to keep the facility below the Title V Operating Permit threshold.

On June 29, 2001, Montana Power – Main Line #3 requested that Permit #2997-02 be altered to facilitate the replacement of an 1100-hp Solar Saturn turbine-driven compressor with a 1600-hp Solar Saturn turbine-driven compressor. The permit still included hourly operational limits to keep the facility below the Title V operating permit threshold. Permit #2997-03 replaced Permit #2997-02.

D. Current Permit Action

The current permit action is an alteration to Permit #2997-03. On July 30, 2001, Montana Power – Main Line #3 requested that Permit #2997-03 be altered to facilitate the addition of three 1600-hp Solar Saturn turbine-driven compressors. The permit still includes hourly operational limits that will allow the facility to stay below the emission threshold that would require a Title V operating permit. Permit #2997-04 replaces Permit #2997-03.

E. MEPA Mitigation Changes

Through the MEPA process the applicant proposed mitigation measures. The Department has incorporated a portion of those mitigation measures in this permitting action. The conditions pertaining to the mitigation measures are included in Section II.E of the permit and are intended to remain in the permit for the lifetime of the facility.

F. Additional Information

Additional information, such as applicable rules and regulations, Best Available Control Technology (BACT) determinations, air quality impacts, and environmental assessments, is included in the analysis associated with each change to the permit.

II. Applicable Rules and Regulations

The following are partial quotations of some applicable rules and regulations that apply to the facility. The complete rules are stated in the Administrative Rules of Montana (ARM) and are available upon request from the Department. Upon request, the Department will provide references for locations of complete copies of all applicable rules and regulations or copies where appropriate.

A. ARM 17.8, Sub-Chapter 1 - General Provisions, including, but not limited to:

1. ARM 17.8.105 Testing Requirements. Any person or persons responsible for the emission of any air contaminant into the outdoor atmosphere shall, upon written request of the Department, provide the facilities and necessary equipment (including instruments and sensing devices) and shall conduct tests, emission or ambient, for such periods of time as may be necessary using methods approved by the Department.

Based on the Department's current requirements, the testing necessary for the three new 1600-hp Solar Saturn Turbines to demonstrate compliance with applicable emission limits is an initial compliance source test. Further testing shall occur on an every 4-year basis or according to another testing/monitoring schedule as may be approved by the Department.

2. ARM 17.8.106 Source Testing Protocol. The requirements of this rule apply to any emission source testing conducted by the Department, any source, or other entity as required by any rule in this chapter, or any permit or order issued pursuant to this chapter, or the provisions of the Clean Air Act of Montana, 75-2-101, *et seq.*, Montana Code Annotated (MCA).

Montana Power – Main Line #3 shall comply with all requirements contained in the

Montana Source Test Protocol and Procedures Manual, including, but not limited to, using the proper test methods and supplying the required reports. A copy of the Montana Source Test Protocol and Procedures Manual is available from the Department upon request.

3. ARM 17.8.110 Malfunctions. (2) The Department must be notified promptly by telephone whenever a malfunction occurs that can be expected to create emissions in excess of any applicable emission limitation or to continue for a period greater than 4 hours.
4. ARM 17.8.111 Circumvention. (1) No person shall cause or permit the installation or use of any device or any means which, without resulting in reduction in the total amount of air contaminant emitted, conceals or dilutes an emission of air contaminant that would otherwise violate an air pollution control regulation. (2) No equipment that may produce emissions shall be operated or maintained in such a manner that a public nuisance is created.

B. ARM 17.8, Sub-Chapter 2 - Ambient Air Quality, including, but not limited to:

1. ARM 17.8.204 Ambient Air Monitoring;
2. ARM 17.8.206 Methods and Data;
3. ARM 17.8.210 Ambient Air Quality Standards for Sulfur Dioxide;
4. ARM 17.8.211 Ambient Air Quality Standards for Nitrogen Dioxide;
5. ARM 17.8.212 Ambient Air Quality Standards for Carbon Monoxide;
6. ARM 17.8.220 Ambient Air Quality Standard for Settled Particulate; and,
7. ARM 17.8.223 Ambient Air Quality Standard for PM-10.

Montana Power – Main Line #3 must comply with the applicable ambient air quality standards.

C. ARM 17.8, Sub-Chapter 3 - Emission Standards, including, but not limited to:

1. ARM 17.8.304 Visible Air Contaminants. (1) This rule requires that no person may cause or authorize emissions to be discharged to an outdoor atmosphere from any source installed on or before November 23, 1968, that exhibit an opacity of 40% or greater averaged over 6 consecutive minutes. (2) This rule requires that no person may cause or authorize emissions to be discharged to the outdoor atmosphere from any source installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over 6 consecutive minutes.
2. ARM 17.8.308 Particulate Matter, Airborne. (1) This rule requires an opacity limitation of 20% for all fugitive emissions sources and that reasonable precautions be taken to control emissions of airborne particulate matter. (2) Under this rule, Montana Power – Main Line #3 shall not cause or authorize the use of any street, road, or parking lot without taking reasonable precautions to control emissions of airborne particulate matter.
3. ARM 17.8.322 Sulfur Oxide Emissions--Sulfur in Fuel. Commencing July 1, 1971, no person shall burn any gaseous fuel containing sulfur compounds in excess of 50 grains per 100 cubic feet of gaseous fuel, calculated as hydrogen sulfide at standard conditions. Montana Power Main Line #3 will comply with this limitation by burning pipeline-quality natural gas in the new compressor turbines.
4. ARM 17.8.340 Standard of Performance for New Stationary Sources. The owner or operator of any stationary source or modification, as defined and applied in 40 CFR Part 60, shall comply with the standards and provisions of 40 CFR Part 60.

40 CFR 60, Subpart GG, Standards of Performance for Stationary Gas Turbines. This subpart shall apply to all stationary gas turbines with a heat input at peak load equal to or greater than 10.7 gigajoules per hour, based on the lower heating value of the fuel fired and construction, reconstruction, or modification commenced after October 3, 1977. This subpart does not apply to the Montana Power - Main Line #3 facility because each of the turbine-driven compressors has a heat input of 4.29 gigajoules per hour at peak load.

40 CFR 60, Subpart KKK, Standards of Performance for Equipment Leaks of VOC From Onshore Natural Gas Processing Plants. Owners or operators of onshore natural gas processing plants, as defined and applied in 40 CFR Part 60, shall comply with standards and provisions of 40 CFR Part 60, Subpart KKK. This subpart does not apply to the Montana Power - Main Line #3 facility because it does not meet the definition of a natural gas processing plant as defined in 40 CFR Part 60, Subpart KKK.

5. ARM 17.8.342 Emission Standards for Hazardous Air Pollutants for Source Categories. Owners or operators of oil and natural gas production facilities, as defined and applied in 40 CFR Part 63, shall comply with standards and provisions of 40 CFR Part 63, Subpart HH. The Montana Power – Main Line #3 Compressor Station is not a National Emission Standards for Hazardous Air Pollutants (NESHAP) affected source because the facility does not incorporate an affected emission point as defined in 63.760(b)(1) through 63.760(b)(4).

Owners or operators of natural gas transmission or storage facilities, as defined and applied in 40 CFR Part 63, shall comply with the standards and provisions of 40 CFR Part 63, Subpart HHH. The Montana Power – Main Line #3 Compressor Station is not a NESHAP affected source because the facility does not incorporate a glycol dehydration unit.

- D. ARM 17.8, Sub-Chapter 5 - Air Quality Permit Application, Operation and Open Burning Fees, including, but not limited to:

1. ARM 17.8.504 Air Quality Permit Application Fees. Montana Power – Main Line #3 shall submit an air quality permit application fee concurrent with the submittal of an air quality permit application. A permit application is incomplete until the proper application fee is paid to the Department. Montana Power – Main Line #3 submitted the appropriate permit application fee for the current permit action.
2. ARM 17.8.505 Air Quality Operation Fees. An annual air quality operation fee must, as a condition of continued operation, be submitted to the Department by each source of air contaminants holding an air quality permit, excluding an open burning permit, issued by the Department. This operation fee is based on the actual or estimated amount of air pollutants emitted during the previous calendar year.

An air quality operation fee is separate and distinct from an air quality permit application fee. The annual assessment and collection of the air quality operation fee, as described above, shall take place on a calendar year basis. The Department may insert into any final permit issued after the effective date of these rules such conditions as may be necessary to require the payment of an air quality operation fee on a calendar year basis, including provisions that pro-rate the required fee amount.

- E. ARM 17.8, Sub-Chapter 7 - Permit, Construction and Operation of Air Contaminant Sources, including, but not limited to:

1. ARM 17.8.704 General Procedures for Air Quality Preconstruction Permitting. An air quality preconstruction permit shall contain requirements and conditions applicable to both construction and subsequent use of the permitted equipment.

2. ARM 17.8.705 When Permit Required--Exclusions. Permits are required for sources that have the potential to emit greater than 25 ton/year of any pollutant. Montana Power - Main Line #3 has the potential to emit more than 25 tons per year of NO_x, CO, and VOC; therefore, a permit is required.
 3. ARM 17.8.706 New or Altered Sources and Stacks Permit Application Requirements. This rule requires that an application for an air quality permit be submitted for a new or altered source or stack. Montana Power – Main Line #3 submitted the proper application for the current permit action.
 4. ARM 17.8.710 Conditions for Issuance of Permit. This rule requires that the source demonstrate compliance with applicable rules and standards before a permit can be issued. Also, a permit may be issued with such conditions as are necessary to assure compliance with all applicable rules and standards. Montana Power – Main Line #3 demonstrated compliance with applicable rules and standards as required for permit issuance.
 5. ARM 17.8.715 Emission Control Requirements. Montana Power – Main Line #3 is required to install on a new or altered source the maximum air pollution control capability, that is technically practicable and economically feasible, except that BACT shall be utilized. The required BACT analysis is included in Section IV of this permit analysis.
 6. ARM 17.8.716 Inspection of Permit. This rule requires that air quality permits shall be made available for inspection by the Department at the location of the source.
 7. ARM 17.8.717 Compliance with Other Statutes and Rules. This rule states that nothing in the permit shall be construed as relieving Montana Power – Main Line #3 of the responsibility for complying with any applicable federal or Montana statute, rule or standard, except as specifically provided in ARM 17.8.701, *et seq.*
 8. ARM 17.8.720 Public Review of Permit Applications. This rule requires that Montana Power – Main Line #3 notify the public by means of legal publication in a newspaper of general circulation in the area affected by the application for a permit. Montana Power – Main Line #3 submitted an affidavit of publication from the August 5, 2001, issue of the *Great Falls Tribune* for the current permit action.
 9. ARM 17.8.731 Duration of Permit. An air quality permit shall be valid until revoked or modified, as provided in this subchapter, except that a permit issued prior to construction of a new or altered source may contain a condition providing that the permit will expire unless construction is commenced within the time specified in the permit, that in no event may be less than 1-year after the permit is issued.
 10. ARM 17.8.733 Modification of Permit. An air quality permit may be modified for changes in any applicable rules and standards adopted by the Board or changed conditions of operation at a source or stack that do not result in an increase in emissions because of those changed conditions of operation. A source may not increase its emissions beyond those found in its permit unless the source applies for and receives another permit.
- F. ARM 17.8, Sub-Chapter 8 - Prevention of Significant Deterioration, including, but not limited to:
1. ARM 17.8.801 Definitions. This rule is a list of applicable definitions used in this subchapter.

2. ARM 17.8.818 Review of Major Stationary Sources and Major Modification-- Source Applicability and Exemptions. The requirements contained in ARM 17.8.819 through ARM 17.8.827 shall apply to any major stationary source and any major modification with respect to each pollutant subject to regulation under the Federal Clean Air Act (FCAA) that it would emit, except as this subchapter would otherwise allow.

This facility is not a major stationary source because it is not listed and does not have the potential to emit more than 250 tons per year (excluding fugitive emissions) of any air pollutant.

- G. ARM 17.8, Sub-Chapter 12 – Operating Permit Program Applicability, including, but not limited to:

1. ARM 17.8.1201 Definitions. (23) Major Source under Section 7412 of the FCAA is defined as any stationary source having:

- a. PTE greater than 100 ton/year of any pollutant.
- b. Potential to Emit (PTE) greater than 10 ton/year of any one Hazardous Air Pollutant (HAP), or PTE greater than 25 ton/year of a combination of all HAPs, or lesser quantity as the Department may establish by rule.
- c. PTE greater than 70 ton/year of PM-10 in a serious PM-10 nonattainment area.

2. ARM 17.8.1204 Air Quality Operating Permit Program Applicability. Title V of the FCAA Amendments of 1990 requires that all sources, as defined in ARM 17.8.1204(1), obtain a Title V Operating Permit. In reviewing and issuing Air Quality Permit #2997-04 for Montana Power – Main Line #3, the following conclusions were made:

- a. The facility's PTE is less than 100 ton/year for any pollutants.
- b. The facility's PTE is less than 10 ton/year of any one HAP and less than 25 ton/year of all HAPs.
- c. This source is not located in a serious PM-10 nonattainment area.
- d. This facility is not subject to any current NSPS.
- e. This facility is not subject to any current NESHAP standards.
- f. This source is not a Title IV affected source nor a solid waste combustion unit.
- g. This source is not an EPA designated Title V source.

The Montana Power – Main Line #3 Permit (#2997-04) includes a federally enforceable limit that allows the facility to stay below the Title V Operating Permit threshold. Therefore, the facility will not be required to obtain a Title V Operating Permit.

- h. ARM 17.8.1203(3). The Department may exempt a source from the requirement to obtain an air quality operating permit by establishing federally enforceable limitations that limit that source's potential to emit.
 - i. In applying for an exemption under this section, the owner or operator of the source shall certify to the Department that the

source's potential to emit does not require the source to obtain an air quality-operating permit.

- ii. Any source that obtains a federally enforceable limit on potential to emit shall annually certify that its actual emissions are less than those that would require the source to obtain an air quality-operating permit.

The Department determined that the annual reporting requirements contained in the permit are sufficient to satisfy this requirement.

- 3. ARM 17.8.1207 Certification of Truth Accuracy and Completeness. The compliance certification submittal required by ARM 17.8.1204(3) shall contain certification by a responsible official of truth, accuracy, and completeness. This certification, and any other certification required under this subchapter, shall state that, based on information and belief formed after reasonable inquiry, the statements and information in the document are true, accurate, and complete.

III. Emission Inventory -

Source	ton/year					
	TSP	PM-10	NO _x	CO	VOC	SO _x
1600 hp Solar Saturn Turbine	----	0.21	9.08	2.51	0.71	0.07
1600 hp Solar Saturn Turbine		0.21	9.08	2.51	0.71	0.07
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1600 hp Solar Saturn Turbine	----	0.21	9.08	2.51	0.71	0.07
1600 hp Solar Saturn Turbine	----	0.21	9.08	2.51	0.71	0.07
1100 hp Cooper Superior Engine	----	0.52	21.25	31.87	7.97	0.03
1100 hp Cooper Superior Engine	----	0.52	21.25	31.87	7.97	0.03
200 kw Natural Gas Generator	----	0.00	0.22	0.00	0.00	0.00
200 kw Natural Gas Generator	----	0.00	0.22	0.00	0.00	0.00
Miscellaneous Building Heaters	----	0.03	0.34	0.15	0.02	0.00
Smart Ash Recovery Unit-100	----	0.03	0.33	0.04	0.00	1.93
Haul Roads	2.74	1.23	----	----	----	----
Discharge Scrubber Tank	----	----	----	----	----	----
Diesel Fuel Tank	----	----	----	----	----	----
Total	2.74	3.59	98.09	78.99	20.22	2.41

- A complete emission inventory is on file with the Department and is available upon request.

IV. BACT Analysis

A BACT determination is required for each new or altered source. Montana Power - Main Line #3 shall install on any new or altered source the maximum air pollution control capability that is technically practicable and economically feasible, except that the BACT shall be utilized. A BACT analysis was reviewed by the Department addressing some of the available methods for controlling NO_x and CO emissions from the Solar Saturn turbine-driven compressors. The Department reviewed previous BACT determinations for compressor turbines before making the following BACT determination.

A. NO_x Emissions

NO_x emissions from the proposed turbines will be produced primarily by thermal NO_x formation with some influence by prompt and fuel NO_x formation. Thermal NO_x results when the intense heat of combustion causes atmospheric nitrogen to combine with atmospheric oxygen (O₂). Maximum NO_x production occurs at a lean fuel to air ratio due to excess oxygen available for reaction with nitrogen in the air and fuel.

The following NO_x control strategies/technologies were reviewed for the current permit action:

- Wet Controls;
- Selective Catalytic Reduction (SCR);
- Dry Low NO_x Combustors; and
- No Additional Control - Proper Design and Operation.

Wet Controls

Wet controls inject water, steam, or water-in-oil emulsion into a flame area of the turbine combustor to act as an inert diluent that lowers the peak flame temperature. Lowering the flame temperature limits thermal NO_x emissions but does not reduce fuel NO_x formation. In fact, wet controls may actually increase the rate of fuel NO_x formation. Controlled NO_x emissions are a function of the amount of water injected and of the nitrogen content of the fuel. NO_x control capabilities are limited by the need to increase water-to-fuel ratios for increased emissions reductions.

In reviewing previous BACT analysis for turbine driven compressors, the Department determined that the cost-effectiveness of wet controls is above industry norms. In addition, wet controls present several potentially adverse environmental impacts. These impacts include, a need for a water treatment plant with associated wastewater effluent, increased hydrocarbon and CO emissions from high water-to-fuel ratios, a reduction in turbine fuel efficiency resulting in additional fuel combustion, and although water injection limits thermal NO_x, fuel NO_x formation can actually increase.

Overall, cost-effectiveness, and potential environmental impact show that wet control strategy is an infeasible option. The Department determined that, for the proposed project, wet controls will not constitute BACT. Wet controls have not been required of other recently permitted similar sources.

Selective Catalytic Reduction (SCR)

SCR is a post-combustion gas treatment technique that uses a catalyst to reduce NO and NO₂ to molecular nitrogen, oxygen, and water. Ammonia (NH₃) is commonly used as the reducing agent.

NH₃ is vaporized and injected into the flue gas upstream of the catalyst bed. The NH₃ combines with the NO_x at the catalyst surface to form an ammonium salt intermediate. The ammonium salt intermediate then decomposes to produce elemental nitrogen and water.

The catalyst lowers the temperature required for the chemical reaction between NO_x and NH₃. Catalysts used for NO_x reduction can include base metals, precious metals, and zeolites. Commonly, the catalyst is a mixture of titanium and vanadium oxides.

An attribute common to all catalysts is the narrow “window” of acceptable system temperatures. In this case, the temperature “window” is approximately 450 to 850°F. Below 450°F, the NO_x reduction reaction will not proceed, while operation above 800°F will shorten catalyst life and can lead to the oxidation of NH₃ to either nitrogen oxides or possibly generating explosive levels of ammonium nitrate in the exhaust gas.

Technical factors that impact the effectiveness of this technology include the catalyst reactor design, operating temperature, type of fuel fired, sulfur content of the fuel, design of the NH₃ injection system, and the potential for catalyst poisoning.

In reviewing previous BACT analysis for turbine driven compressors, the Department determined that, for the proposed project, SCR does not constitute BACT. SCR has not been

required of other recently permitted similar sources.

Dry Low NO_x Combustors

Dry low NO_x combustion systems reduce NO_x formation by controlling the mixing of fuel and air to provide low excess air firing or off-stoichiometric combustion. These burners are designed to reduce peak flame temperature and/or reduce the residence time at high temperatures. In all gas turbines, the high temperature combustion gases are cooled with dilution air that is added sooner than with standard combustors. This dilution air promptly cools the hot gases to temperatures below the thermal NO_x formation threshold.

Because Montana Power - Main Line #3 proposes to install turbines that have emission characteristics similar to lean burn technology configured on natural gas-fired reciprocating engines, the Department has determined that dry low NO_x combustors will not constitute BACT in this case.

No Additional Control - Proper Design and Operation

Montana Power - Main Line #3 proposed that the use of no additional controls should constitute BACT for the three new 1600-hp Solar Saturn Turbines. The NO_x emissions from the three new turbines are consistent with BACT emissions, nearly equivalent to catalyst performance, and the turbines operate similarly to natural gas-fired reciprocating engines that use lean burn technology to control NO_x emissions; therefore, The Department determined that the proper installation and operation of the three 1600-hp Solar Saturn Turbines shall constitute BACT in this case.

B. CO Emissions

In an ideal combustion process, all of the carbon and hydrogen contained within the fuel are oxidized to form carbon dioxide (CO₂) and water (H₂O). Emission of CO in a combustion process is the result of incomplete organic fuel combustion. CO emissions can be caused by poor fuel-air mixing, flame quenching, and low residence time.

The following CO control strategies/technologies were reviewed for the current permit action:

- Oxidation of Post Combustion Gases; and
- No Additional Control – Proper Design and Operation.

Oxidation of Post Combustion Gases

Although various specialized technologies exist, fundamentally, oxidizers or incinerators use heat to destroy CO in the gas stream. Oxidation controls, like combustion processes, ideally break down the molecular structure of an organic compound into CO₂ and H₂O. Temperature, residence time, and turbulence of the system affect CO control efficiency. Incinerators have a potential for very effective CO control; however, this efficiency comes at the expense of increasing NO_x production.

In reviewing previous BACT analyses for turbine driven compressors, the Department determined that the cost-effectiveness of oxidation of post combustion gases are above

industry norms and will not constitute BACT in this case. Oxidation of post combustion gases has not been required of other recently permitted similar sources.

No Additional Control – Proper Design and Operation

Montana Power - Main Line #3 proposed that the use of no additional controls should constitute BACT for the three new 1600-hp Solar Saturn Turbines. The CO emissions from the three new turbines are consistent with BACT emissions, nearly equivalent to catalyst performance, and the turbines operate similarly to natural gas-fired reciprocating engines that use lean burn technology to control CO emissions; therefore, The Department determined that the proper installation and operation of the three 1600-hp Solar Saturn Turbines shall constitute BACT in this case.

In summary, the Department determined that no additional control, using good combustion practices, will constitute BACT for CO and NO_x emissions resulting from operation of the three natural gas fired turbines.

The control options selected have controls and control costs comparable to other recently permitted similar sources and are capable of achieving the appropriate emission standards.

In summary, the Department determined that no additional control, using good combustion practices, will constitute BACT for NO_x and CO emission control.

V. Existing Air Quality:

The facility is located in a remote part of Lewis and Clark County approximately 10 miles east of Augusta, along Highway 21. The plant site is located in Section 8, Township 20 North, Range 4 West, in Lewis and Clark County, Montana. The air quality of this area is classified as either “Better than National Standards” or unclassifiable/attainment of the National Ambient Air Quality Standards (NAAQS) for criteria pollutants. The nearest Class I area is the Bob Marshall Wilderness, located approximately 30 miles west of the facility. In the view of the Department, the amount of controlled emissions from this facility will not violate any ambient air quality standards.

VI. Takings or Damaging Implication Analysis

As required by 2-10-101 through 105, MCA, the Department conducted a private property taking and damaging assessment and determined there are no taking or damaging implications.

VII. Environmental Assessment

An Environmental Impact Statement was prepared for this project by the Department.