



**SUSANA MARTINEZ
GOVERNOR**

**JOHN A. SANCHEZ
LIEUTENANT GOVERNOR**

**New Mexico
ENVIRONMENT DEPARTMENT**

525 Camino de los Marquez Suite 1
Santa Fe, NM 87505-1816
Phone (505) 476-4300
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**BUTCH TONGATE
CABINET SECRETARY**

**JC BORREGO
ACTING DEPUTY SECRETARY**

October 14, 2016

CERTIFIED MAIL NO. 7013 2630 0000 9050 9973
No Return Receipt Required

Robin DeLapp
Public Service Company of New Mexico (PNM)
2401 Aztec Rd NE
MS Z100
Albuquerque, NM 87107

Re: Air Quality Permit Application No. 0063-M10 (IDEA ID No. 1421 - PRN20160001)

Dear Ms. DeLapp:

This letter is in response to your air quality permit application dated August 29, 2016 to modify the PNM - San Juan Generating Station near Waterflow, New Mexico. The application was received by the Department on September 15, 2016. This letter addresses the Completeness Determination, Legal Notice and Comment, and Invoice for Permit Fee and is intended for use by the applicant, interested individuals and groups, and the appropriate NMED Field Office.

Completeness Determination

A preliminary review has been completed and the information provided is sufficient to complete an evaluation of your permit application. Therefore, your application was ruled administratively complete on October 14, 2016. Under the requirements of 20.2.72 NMAC, the Department anticipates issuing or denying this permit on or before January 12, 2017.

Public Notice and Comment

The Department will publish a legal notice that will be sent to the NMED district or field office nearest the source (see enclosed). It describes the proposed facility, a summary of estimated emissions and ambient impact, the Department's preliminary intent to issue the permit, and the provisions for public comment.

The Department's analysis includes the Statement of Basis and is prepared as part of the technical review of the permit application. All interested persons have thirty (30) days from the date the public notice is published to notify the Department in writing of their interest in the permit application. The Department will notify all such persons of when and where the Department's analysis may be reviewed. Interested persons may review the Department's analysis for thirty (30) days after it becomes available at the NMED district or field office nearest the source. Written comments on the analysis or permit application and requests for a public hearing may be submitted to the Department during this second thirty (30) day period or any time before the permit is issued or denied.

The Department will hold a public hearing if the Secretary determines there is significant public interest in the permit application. The Department will also determine the time, date, and place of the hearing and shall notify the applicant and the public. At the hearing, all interested persons shall be given a reasonable chance to submit data, views or arguments orally or in writing, and to examine witnesses testifying at the hearing.

After the permit is issued or denied, the Department will mail written notice of the action taken on a permit application to all persons who submitted written comments or evidence on the application.

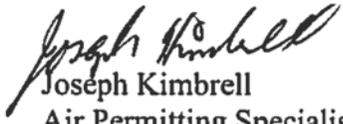
Invoice for Permit Fee

In accordance with 20.2.75 NMAC, this letter includes an invoice for the required permit fee in the amount of \$41,080.00. This fee is due within thirty (30) days of the date ruled administratively complete. 20.2.75 NMAC states that the Department shall deny any permit application or request for permit revision if the required permit fee has not been paid. This fee is not refundable. An enforcement/compliance fee will also be assessed annually. All fees shall be remitted in the form of a corporate check, certified check, or money order made payable to the New Mexico Environment Department, and shall be accompanied by the enclosed remittance slip. Fees shall be submitted to NM Environment Department, AQB at the address shown on the invoice.

20.2.72.200.E NMAC states: "for all sources subject to this regulation applications for permits shall be filed prior to the commencement of construction, modification, or installation. Regardless of the anticipated commencement date, no construction, modification, or installation shall begin prior to issuance of the permit."

If you have any questions, please contact me in Santa Fe at 505-476-4347.

Sincerely,



Joseph Kimbrell
Air Permitting Specialist
Major Source Unit
Air Quality Bureau

cc by email: Paul Wade, Class One Technical Services Inc, pwade@montrose-env.com
cc by email: Mark Jones, Farmington NMED District/Field Office

Enclosures Sent with Letter:

- Legal Notice – Attachment A
- Permit fee invoice
- Compact Disk (CD) Copy of Application – Only the NMED District or Field office receives the CD
- NMED District or Field Office Request – Attachment B

Public Notice Only (no complete letter copy or other enclosures are provided):

Individuals on the 20.2.72.206 NMAC, Section A(4) Public Notice List, by email
Public Notice only to EPA Region 6 by email to r6airpermits@epa.gov

LEGAL NOTICE

and

Preliminary Determination for an Air Quality Permit for Public Service Company of New Mexico (PNM)

Public Service Company of New Mexico (PNM), 2401 Aztec Rd NE MS Z100, Albuquerque, NM has submitted an air quality permit application to the Air Quality Bureau (AQB), New Mexico Environment Department (NMED) for an air quality permit to modify PNM - San Juan Generating Station. The application file has been assigned Permit No. 0063-M10 and TEMPO Agency Interest ID No. 1421. The exact location of the facility is at latitude 36 degrees, 48 minutes, 2 seconds and longitude -108 degrees, 26 minutes, 19 seconds, Datum: NAD27. To aid in locating this facility, the approximate location is 3 miles north-northeast of Waterflow, NM in San Juan County.

The proposed modification will consist of 1) installation of two (2) GE LM6000 natural gas combustion turbines, to replace partial load from the retirement of Units 2 and 3, and 2) installation of a dual-fueled (ultra-low sulfur diesel and natural gas) 115.4 MMBtu auxiliary boiler to maintain the water temperature for Units 1 and 4 coal boilers while one or both are off-line. The auxiliary boiler will be a “limited use boiler” and the annual capacity factor of the boiler will be limited to less than or equal to 10 percent. The natural gas combustion turbines will require a BACT analysis and be limited to an allowable annual emission rate for NO_x of 75 tons per year per NSR Permit No. 0063-M9, Condition A112 “Term Sheet Requirements”. Additional particulate emissions from operation of the gas turbines involve the delivery of aqueous ammonia for the SCR control system. It is estimated that 52 truck deliveries a year will be needed to supply the 19% aqueous ammonia needed annually if operated at a maximum hourly consumption rate. The distance traveled for each delivery truck round trip is 1.544 miles equal to annual vehicle miles traveled (VMT) of 80.3 miles.

Total air pollutant emissions to the atmosphere after December 31, 2017 are estimated to be approximately Nitrogen Oxides (NO_x) at 9,500 tons per year (tpy)(decrease of 12,341); Carbon Monoxide (CO) at 22,014 tpy (-13,487); Volatile Organic Compounds (VOC) at 129.3 tpy (-116.7); Sulfur Dioxide (SO₂) at 4,105 tpy (-6,209); Total Suspended Particulate Matter (TSP filterable) at 948 tpy (decrease of 836), Particulate Matter 10 microns or less (PM10 filterable) at 743 tpy (-683), and Particulate Matter 2.5 microns or less (PM2.5 Filterable + Condensable) at 1,454 tpy (-1,406), total Hazardous Air Pollutants (HAPs) at 39.4 tpy (-28.6) and green house gas (CO₂e) > 75,000 tpy(-8,261,129). These emission estimates could change slightly during the course of the Department's review of the application.

The NMED has conducted a preliminary review of the information submitted with the permit application. The preliminary review and applicant's analysis of ambient air quality impacts indicates that the facility's air emissions will meet the air quality standards for SO₂, NO_x, PM and CO. VOCs are a pre-cursor to ozone and the NMED does not require an individual ozone ambient impact analysis for each application. To determine compliance with national ambient air quality standards for ozone, NMED uses air monitors to monitor ozone concentrations. A full review will evaluate the estimated emission rates for the pollutants listed in this public notice and determine compliance with ambient air quality requirements and standards.

Based on the applicant's analysis, a preliminary determination is that this facility will comply with the requirements of Title 20, New Mexico Administrative Code (NMAC), 20.2.14, 20.2.31, 20.2.32, 20.2.70, 20.2.71, 40 CFR 60 NSPS Subparts A, D, Db, OOO, KKKK, and TTTT; 40 CFR 63 MACT Subparts A, IIII, ZZZZ, YYYYY, DDDDD, and UUUUU; 40CFR72 Subparts B, D, and I, 40CFR73 Subparts B, C, and D, 40CFR75 Subparts A-G, 40CFR76; and the New Mexico Air Quality Control Act. Therefore, the

Attachment A – Legal Notice

preliminary intent of NMED is to issue the air quality permit on or before January 12, 2017. This source is a PSD major source according to 20.2.74 NMAC.

To ensure compliance with state and federal air regulations, the permit is expected to include conditions that limit the emissions, hours of operation, production rate, and conditions that will require record keeping and reporting to the Department.

The permit application is available for review in electronic or hard copy at the Air Quality Bureau Office, 525 Camino de los Marquez Suite 1, Santa Fe, New Mexico. To arrange viewing of this application contact Teri Waldron, at 505-476-4355 or teri.waldron@state.nm.us. The permit application is also available at the NMED Farmington Office, located at 3400 Messina, Suite 5000, Farmington, NM 87402 for public review.

All interested persons have thirty (30) days from the date this notice is published, to notify the Department in writing of their interest in the permit application. The written comments should refer to the company name, facility name and Permit No. (or send a copy of this notice along with your comments). The written comments shall state the nature of the issues raised and how it relates to the requirements of applicable state and federal air quality regulations and the Clean Air Act. The written comments should be mailed to Joseph Kimbrell, New Mexico Environment Dept., Air Quality Bureau, Permit Section, 525 Camino de los Marquez Suite 1, Santa Fe, NM 87505-1816.

The Department will notify all persons, who have provided written comments as to when and where the Department's analysis may be reviewed. Although all written comments will be made part of the public record, any person who does not express interest in writing before the end of this first thirty (30) day period will not receive such notification.

If the Department receives written public comment before the end of the Department's thirty (30) day public notice, the Department's analysis will be made available for review for thirty (30) days at the NMED district or field office nearest to the source before the permit will be issued. Written comments on the analysis or permit application may be submitted to the Department during this second thirty (30) day period or at any time before the permit is issued or denied.

Questions or comments not intended to be part of the public record can be directed to Joseph Kimbrell at 505-476-4347. General information about air quality and the permitting process can be found at the Air Quality Bureau's web site. The regulation dealing with public participation in the permit review process is 20.2.72.206 NMAC. This regulation can be found in the "Permits" section of this web site. Este es un aviso de la Agencia de Calidad de Aire del Departamento de Medio Ambiente de Nuevo México, acerca de las emisiones producidas por un establecimiento en esta área. Si usted desea información en español, por favor de comunicarse con la oficina de Calidad de Aire al teléfono 505-476-5557.



State of New Mexico Environment Department

Air Quality Bureau

525 Camino de los Marquez, Suite 1
Santa Fe, NM 87505-1816

Telephone:(505) 476-4300 Fax: (505) 476-4375

INVOICE

Primary Billing Party:

Public Service Company of New Mexico (PNM)
2401 Aztec Rd NE
MS Z100
Albuquerque, NM 87107

Agency Interest:

1421 - PNM - San Juan Generating Station
6800 N County Road
Waterflow, NM 87421

INVOICE ID: 150269

INVOICE DATE: 10/14/2016

INVOICE DUE DATE: 11/15/2016

When you provide the check as payment you authorize the State of New Mexico to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

ASSESSMENTS

Air Quality, PRN20160001, Air - NSR Filing Fee \$500.00
Air Quality, PRN20160001, Air - General Review Fee \$41,080.00

INVOICED AMOUNT \$41,580.00

CREDITS

Payment (09/16/2016) \$500.00
Total Credits: \$500.00

BALANCE DUE \$41,080.00



Cut Here and Include Lower Portion with Payment



Primary Billing Party:

Public Service Company of New Mexico (PNM)
2401 Aztec Rd NE
MS Z100
Albuquerque, NM 87107

Agency Interest:

1421 - PNM - San Juan Generating Station
6800 N County Road
Waterflow, NM 87421

INVOICE ID: 150269

INVOICE DUE DATE: 11/15/2016

Invoice Amount: \$41,080.00

Amount Enclosed _____

Please make checks payable to:

Mail payments to:

NMED Federal Tax ID#: 85-6000565

New Mexico Environment Department, AQB

Air Quality Bureau

525 Camino de los Marquez, Suite 1

Santa Fe, NM 87505-1816

Telephone: (505) 476-4300

Fax: (505) 476-4375

Attachment B –Field Office Request

District or Field Office Request

- The permit application available in Tempo and on the enclosed electronic disk and the attached Legal Notice are being sent to your office in accordance with 20.2.72.206 NMAC - Public Notice and Participation, which states: "the Department shall make available for public inspection the permit application, the Department's analysis, and the Department's preliminary determination. This material shall be available both at the Department's central office and the district or field office nearest to the proposed source." The Legal Notice contains the Department's preliminary determination.
- Please make these records available to public for a period one (1) year unless otherwise requested by the Air Quality Bureau.