



COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

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STATE AIR POLLUTION CONTROL BOARD ENFORCEMENT ACTION - ORDER BY CONSENT ISSUED TO PANDA STONEWALL LLC Registration No. 73826

SECTION A: Purpose

This is a Consent Order issued under the authority of Va. Code §§ 10.1-1309 and -1316, between the State Air Pollution Control Board and Panda Stonewall LLC, regarding the Panda Stonewall Leesburg facility for the purpose of resolving certain violations of the Virginia Air Pollution Control Law and the applicable permit and regulations.

SECTION B: Definitions

Unless the context clearly indicates otherwise, the following words and terms have the meaning assigned to them below:

1. "Board" means the State Air Pollution Control Board, a permanent citizens' board of the Commonwealth of Virginia, as described in Va. Code §§ 10.1-1184 and -1301.
2. "Department" or "DEQ" means the Department of Environmental Quality, an agency of the Commonwealth of Virginia, as described in Va. Code § 10.1-1183.
3. "Director" means the Director of the Department of Environmental Quality, as described in Va. Code § 10.1-1185.
4. "Facility" means the Panda Stonewall LLC facility, located at 20260 Energy Park Drive in Leesburg, Virginia.
5. "Notice of Violation" or "NOV" means a type of Notice of Alleged Violation under Va. Code § 10.1-1309.
6. "Order" means this document, also known as a "Consent Order" or "Order by Consent," a type of Special Order under the Virginia Air Pollution Control Law.

7. "Panda" means Panda Stonewall LLC a limited liability company authorized to do business in Virginia and its affiliates, partners, and subsidiaries. Panda Stonewall LLC is a "person" within the meaning of Va. Code § 10.1-1300.
8. "PCE" means a partial compliance evaluation by DEQ staff.
9. "Permit" means a Prevention of Significant Deterioration, Non-Attainment New Source Review and Stationary Source Permit dated April 30, 2013, amended May 31, 2013, June 11, 2014, and July 15, 2014
10. "Regulations" or "Regulations for the Control and Abatement of Air Pollution" mean 9 VAC 5 chapters 10 through 80.
11. "Va. Code" means the Code of Virginia (1950), as amended.
12. "VAC" means the Virginia Administrative Code.
13. "Virginia Air Pollution Control Law" means Chapter 13 (§ 10.1-1300 *et seq.*) of Title 10.1 of the Va. Code.

SECTION C: Findings of Fact and Conclusions of Law

1. Panda owns and operates the Facility in Leesburg, Virginia. The Facility is an electric power generation facility and is subject to the requirements of the Permit.
2. On April 4, 2018, DEQ received a Calendar Year 2017 Annual Update, Emissions Statement, and a Permit application for a significant amendment from Panda. Based on the information provided in these documents, DEQ staff requested additional operational information, including hourly emissions and heat input data for the combustion turbines. DEQ received the information via email from Panda on June 28, 2018, and October 23, 2018.
3. On November 27, 2018, DEQ conducted a PCE of the Calendar Year 2017 Annual Update and Emissions Statement, and the additional data submitted to DEQ on June 28, 2018, and October 23, 2018, and observed the following:
 - a. According to the operational data provided by the Facility for the period of January 1 through June 11, 2017, CT1 operated at a heat input rating greater than 2,276 mmBtu/hour for 601 hours with a maximum of 2,640.3 mmBtu/hour (March 1, 2017) and CT2 operated at a heat input rating greater than 2,276 mmBtu/hour for 576 hours with a maximum of 2,637.7mmBtu/hour (March 1, 2017).
 - b. The emissions data received by DEQ on October 23, 2018, indicated that the carbon monoxide (CO) emissions from the operation of CT1 and CT2 exceeded the hourly average limits during the period of January 1 - June 11, 2017. These emissions

- exceedances occurred during commissioning activities prior to initial performance testing.
- c. The CY2017 Annual Update and Emission Statement received by DEQ on April 4, 2018, reported that combined CO emissions from CT1 and CT2 were 142.9 tons for the period of January 1 - December 31, 2017.
 - d. The CY2017 Annual Update and Emission Statement received by DEQ on April 4, 2018, reported the facility-wide total of CO emissions were 143.9 tons for the period of January 1 - December 31, 2017.
 - e. On July 11, 2019, Panda reported to DEQ that a programming error had been discovered in the Data Collection System, which was subsequently corrected, and the previously reported heat input ratings were approximately four percent higher than the actual heat input rating. This error also affected the reported calculated mass emissions in pounds per hour and tons per year using those heat input rates. Actual mass emissions were approximately four percent lower than previously reported.
4. Permit Condition 1 states, in part, that the equipment to be constructed at the Facility consists of two combined-cycle electric power generating units where each unit includes one Siemens natural gas-fired combustion turbine generator (Model SGT6-5000F5) rated at 2,276 mmBTU/hr. (referring to 9 VAC 5-80-1180(D)(3)). On October 10, 2017, DEQ and Panda met and discussed the increased heat input rate of the units. As a result of those discussions, Panda restricted operation of the units to be consistent with the Permit.
 5. Permit Condition 33 states that the short-term emission limits for CO for each Siemens SGT6-5000F5 units (Ref Nos CT1 & CT2) is 12.5 lb/hr with HRSG duct burner firing and 10.4 lb/hr without HRSG duct burner firing.
 6. Permit Condition 35 limits total annual CO emissions from the combined operation of the two combined-cycle power generating units (Ref. No. CCT1 & CCT2), including duct burners, to 124.8 tons per year, calculated as the sum of each consecutive 12-month period.
 7. Permit Condition 43 limits the annual facility wide CO emissions to 143.6 tons per year, calculated as the sum of each consecutive 12-month period.
 8. On December 21, 2018, DEQ issues NOV No. ANRO001072-001 to Panda for the violations alleged in paragraphs C(3) through C(7) above.
 9. Panda responded to the NOV by letter dated January 11, 2019, noting that CT1 & CT2 operated without their respective oxidation catalysts in January 2017 to remove all mill scale, welding slag, and organic materials from the steam path prior to introducing steam to the steam turbine. During this period, the units' Continuous Emissions Monitoring Systems (CEMS) recorded CO emissions in excess of short-term Permit limits. Panda confirmed this information during a subsequent enforcement meeting on March 7, 2019.

Installation of the oxidation catalysts began on January 28, 2017 and was complete by February 26, 2017.

10. On March 28, 2019, DEQ reviewed NO_x emissions data from Panda for January 1 through June 11, 2017. The data indicated that CT1 & CT2 operated at an hourly average NO_x emission rate (as NO₂) in excess of short-term NO_x emissions limits both with and without the duct burner firing. These emissions exceedances occurred during commissioning activities prior to initial performance testing. The Data Collection system programming error also affected these data in that the reported NO_x emissions were approximately four percent higher than actual emissions.
11. Condition 33 of the Permit states in part that the short-term emission limits for emission of Oxides of Nitrogen (as NO₂) for each Siemens SGT6-5000F5 units (Reference Numbers CT1 and CT2) is 20.4 lb/hr with HRSG duct burner firing and 17.1 lb/hr without HRSG duct burner firing.
12. Permit Condition 2.a states that: "Oxides of nitrogen (NO_x) emissions from each combustion turbine (Ref. No. CT1 & CT2) and each heat recovery steam generator (HRSG) duct burner (Ref. No. DB1 & DB2) shall be controlled by dry low-NO_x combustion with selective catalytic reduction (SCR) control system with ammonia injection. The SCR system shall be provided with adequate access for inspection and shall be in operation when the combustion turbines and duct burners are operating, at all times except during start up and shutdown, as defined in Condition 15."
13. Permit Condition 2.b states: "CO and volatile organic compounds (VOC) emissions from each combustion turbine (Ref. No. CT1 & CT2) and each heat recovery steam generator (HRSG) duct burner (Ref. No. DB1 & DB2) shall be controlled by an oxidation catalyst and combustion practices as recommended by the equipment manufacturer. The oxidation catalyst shall be provided with adequate access for inspection and shall be in operation when the combustion turbines and duct burners are operating, at all times except during start up and shutdown, as defined in Condition 15."
14. On April 23, 2019, based on the observations documented in the March 28, 2019, report review, DEQ issued NOV No. ANRO001072-002 to Panda for the violations alleged in paragraphs C(10) through C(15) above.
15. Based on the results of the December 20, 2017, PCE, March 28, 2019, report review, and review of additional documentation provided by Panda, the Board concludes that Panda has violated Permit Conditions 1, 2, 33, 35, and 43, as described above.
16. Panda has submitted documentation that verifies that the violations described above have been corrected and the Facility is complying with Permit requirements.

SECTION D: Agreement and Order

Accordingly, by virtue of the authority granted it in Va. Code §§ 10.1-1309 and -1316, the Board orders Panda, and Panda agrees to:

1. Pay a civil charge of \$61,594 within 30 days of the effective date of the Order in settlement of the violations cited in this Order.

Payment shall be made by either ACH or wire transfer, or check, certified check, money order or cashier's check payable to the "Treasurer of Virginia," and delivered to:

Receipts Control
Department of Environmental Quality
Post Office Box 1104
Richmond, Virginia 23218

Panda shall include its Federal Employer Identification Number (FEIN) with the civil charge payment and shall indicate that the payment is being made in accordance with the requirements of this Order for deposit into the Virginia Environmental Emergency Response Fund (VEERF). If the Department has to refer collection of moneys due under this Order to the Department of Law, Panda shall be liable for attorneys' fees of 30% of the amount outstanding.

SECTION E: Administrative Provisions

1. The Board may modify, rewrite, or amend this Order with the consent of Panda for good cause shown by Panda, or on its own motion pursuant to the Administrative Process Act, Va. Code § 2.2-4000 *et seq.*, after notice and opportunity to be heard.
2. This Order addresses and resolves only those violations specifically identified in Section C of this Order and in NOV Nos. ANRO001072-001 and ANRO001072-002 dated December 21, 2018 and April 22, 2019, respectively. This Order shall not preclude the Board or the Director from taking any action authorized by law, including but not limited to: (1) taking any action authorized by law regarding any additional, subsequent, or subsequently discovered violations; (2) seeking subsequent remediation of the facility; or (3) taking subsequent action to enforce the Order.
3. For purposes of this Order and subsequent actions with respect to this Order only, Panda admits the jurisdictional allegations, but neither admits nor denies the findings of fact, and conclusions of law contained herein.
4. Panda consents to venue in the Circuit Court of the City of Richmond for any civil action taken to enforce the terms of this Order.
5. Panda declares it has received fair and due process under the Administrative Process Act and the Virginia Air Pollution Control Law and it waives the right to any hearing or other administrative proceeding authorized or required by law or regulation, and to any judicial review of any issue of fact or law contained herein. Nothing herein shall be construed as

a waiver of the right to any administrative proceeding for, or to judicial review of, any action taken by the Board to modify, rewrite, amend, or enforce this Order.

6. Failure by Panda to comply with any of the terms of this Order shall constitute a violation of an order of the Board. Nothing herein shall waive the initiation of appropriate enforcement actions or the issuance of additional orders as appropriate by the Board or the Director as a result of such violations. Nothing herein shall affect appropriate enforcement actions by any other federal, state, or local regulatory authority.
7. If any provision of this Order is found to be unenforceable for any reason, the remainder of the Order shall remain in full force and effect.
8. Panda shall be responsible for failure to comply with any of the terms and conditions of this Order unless compliance is made impossible by earthquake, flood, other acts of God, war, strike, or such other unforeseeable circumstances beyond its control and not due to a lack of good faith or diligence on its part. Panda shall demonstrate that such circumstances were beyond its control and not due to a lack of good faith or diligence on its part. Panda shall notify the DEQ Regional Director verbally within 24 hours and in writing within three business days when circumstances are anticipated to occur, are occurring, or have occurred that may delay compliance or cause noncompliance with any requirement of the Order. Such notice shall set forth:
 - a. the reasons for the delay or noncompliance;
 - b. the projected duration of any such delay or noncompliance;
 - c. the measures taken and to be taken to prevent or minimize such delay or noncompliance; and
 - d. the timetable by which such measures will be implemented and the date full compliance will be achieved.

Failure to so notify the Regional Director verbally within 24 hours and in writing within three business days, of learning of any condition above, which the parties intend to assert will result in the impossibility of compliance, shall constitute a waiver of any claim to inability to comply with a requirement of this Order.

9. This Order is binding on the parties hereto and any successors in interest, designees and assigns, jointly and severally.
10. This Order shall become effective upon execution by both the Director or his designee and Panda. Nevertheless, Panda agrees to be bound by any compliance date which precedes the effective date of this Order.
11. This Order shall continue in effect until:

- a. The Director or his designee terminates the Order after Panda has completed all of the requirements of the Order;
- b. Panda petitions the Director or his designee to terminate the Order after it has completed all of the requirements of the Order and the Director or his designee approves the termination of the Order; or
- c. the Director or Board terminates the Order in his or its sole discretion upon 30 days' written notice to Panda.

Termination of this Order, or any obligation imposed in this Order, shall not operate to relieve Panda from its obligation to comply with any statute, regulation, permit condition, other order, certificate, certification, standard, or requirement otherwise applicable.

12. Any plans, reports, schedules or specifications attached hereto or submitted by Panda and approved by the Department pursuant to this Order are incorporated into this Order. Any non-compliance with such approved documents shall be considered a violation of this Order.
13. The undersigned representative of Panda certifies that he or she is a responsible official authorized to enter into the terms and conditions of this Order and to execute and legally bind Panda to this document. Any documents to be submitted pursuant to this Order shall also be submitted by a responsible official of Panda.
14. This Order constitutes the entire agreement and understanding of the parties concerning settlement of the violations identified in Section C of this Order, and there are no representations, warranties, covenants, terms or conditions agreed upon between the parties other than those expressed in this Order.
15. By its signature below, Panda voluntarily agrees to the issuance of this Order.

And it is so ORDERED this 15th day of September, 2020.



Tiffany R. Severs, Director of Enforcement
Department of Environmental Quality

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Panda Stonewall LLC voluntarily agrees to the issuance of this Order.

Date: 8/27/2020 By: Mark Kaden General Manager
(Person) (Title)
Panda Stonewall LLC

~~Commonwealth of Virginia~~ Maryland
City/County of Frederick County

The foregoing document was signed and acknowledged before me this 27th day of August, 2020, by Mark Kaden who is General Manager of Panda Stonewall LLC, on behalf of the corporation.



Debra A Shoffner
Notary Public

Registration No. _____

My commission expires: 11-20-22

Notary seal: