



STATE OF MISSISSIPPI  
PHIL BRYANT  
GOVERNOR  
MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY  
GARY C. RIKARD, EXECUTIVE DIRECTOR

December 3, 2015

CERTIFIED MAIL 7010 1870 0003 4946 9760

Mr. Mike Martin  
Leaf River Energy Center LLC  
855 County Road 5  
Taylorsville, MS 39168

**Re: Leaf River Energy Center LLC  
Agreed Order No. 6598 15**

Dear Mr. Martin:

Enclosed you will find a copy of Agreed Order No. 6598 15, which has been executed by the Executive Director of the Mississippi Department of Environmental Quality, Gary Rikard, on behalf of the Mississippi Commission on Environmental Quality.

The enclosed Order assesses a civil penalty. The penalty payment, when due, should be made by check payable to the Mississippi Department of Environmental Quality and returned in the enclosed, self-addressed envelope to the MDEQ Fees Division at P.O. Box 2339, Jackson, MS 39225.

If you have any questions regarding your obligations under the enclosed order, please contact Thomas Tynes at (601) 961-5578.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Sanders".

Chris Sanders, P.E.  
Chief, Environmental Compliance and Enforcement Division

Enclosure  
cc: Thomas Tynes

Agency Interest No. 36314  
ENF20150001

BEFORE THE MISSISSIPPI COMMISSION  
ON ENVIRONMENTAL QUALITY

MISSISSIPPI COMMISSION ON  
ENVIRONMENTAL QUALITY

COMPLAINANT

VS.

ORDER NO. 6598 15

LEAF RIVER ENERGY CENTER LLC  
855 SMITH COUNTY ROAD 5  
TAYLORSVILLE, MISSISSIPPI 39168

RESPONDENT

AGREED ORDER

COME NOW the Mississippi Commission on Environmental Quality (Commission), acting through the staff and Executive Director of the Mississippi Department of Environmental Quality (MDEQ), Complainant, and Leaf River Energy Center LLC, Respondent, in the above captioned cause and agree as follows:

1.

By letter dated October 5, 2015, Respondent was contacted by Complainant and notified of the following violations at its facility located at 855 Smith County Road 5, Taylorsville, Mississippi in Smith County:

- A. One (1) 2,328 HP natural gas-fired emergency generator was installed prior to obtaining a Construction Permit.

*Unless otherwise provided by Rule 2.13 and 2.15 or other provisions of these Regulations, any new stationary source or modification of a stationary source must have a permit to construct or multi-media permit incorporating such permit before beginning construction. [11 Miss. Admin. Code Pt. 2, Ch.2. R. 2.1(D)(2)]*

Corrective Action: A modified Construction Permit incorporating the generator was issued on August 29, 2014, a Certification of Construction was received on September

23, 2014, and a start-up notification was received on April 29, 2015. The required performance testing was conducted on May 19-21, 2015.

- B. Three (3) 40 HP natural gas-fired emergency generators, and six (6) storage tanks ranging in capacity from 540 gallons to 8,820 gallons were installed and operated prior to obtaining a Construction or Operating Permit.

*Permit Types. The Permit Board will issue two types of air pollution control permits, a permit to construct air emissions equipment and a State Permit to Operate such Equipment. A State Permit to Operate is required for synthetic minor sources, major Title V sources, and significant minor sources. [11 Miss. Admin. Code Pt. 2, Ch.2. R. 2.1(D)(1)]*

Corrective Action: A modified Construction Permit incorporating the generators and storage tanks was issued on August 29, 2014. Certification of Construction was received on September 23, 2014.

- C. Failure to timely submit Certification of Construction for Emission Points AA-005, AA-010, AA-012 and AA-014.

*The permittee shall submit certification of construction: Due within thirty (30) days of completion of construction or installation of an approved stationary source or prior to startup, whichever is earlier. [11 Miss. Admin. Code Pt. 2, Ch.2. R. 2.5(D)] Page 1 Condition S-1 of Permit to Construct 2500-00085.*

Corrective Action: Certification of Construction for Emission Points AA-005, AA-010, AA-012 and AA-014 were received on January 17, 2014.

- D. Failure to apply for and obtain transfer of the applicable Construction Permit and application for an Operating Permit when ownership of the facility changed on November 8, 2012.

*“Transfer” shall mean any sale, conveyance, or assignment of the rights held by the applicant in any permit issued pursuant to these Regulations which meets the conditions of both 1. and 2. Below: (1) There is a change of more than 50 percent of the equity ownership of the permit holder over a sustained period which results in a new majority owner. A new majority owner for purposes of this provision shall be an*

*individual, partnership, company, or group of affiliated companies. (2) The change in the ultimate ownership of the permit holder involves the parent, grandparent, or great-grandparent company. [11 Miss. Admin. Code Pt. 2, Ch.2. R. 2.16(A)]*

*A permit issued pursuant to these Regulations shall not be transferred except upon approval of the Permit Board. [11 Miss. Admin. Code Pt. 2, Ch.2. R. 2.16(B)]*

Corrective Action: A Permit Transfer request was received on February 21, 2014. The transfer was completed as part of the Construction Permit modification on August 29, 2014.

- E. Failure to operate Emission Point AA-001 with emissions controlled by the oxidation catalyst at 80% control efficiency.

*Prior to startup of Emission Points AA-006 and AA-007, the permittee shall operate compressor engine AA-001 with emissions controlled by the oxidation catalyst at 80% control efficiency. [11 Miss. Admin. Code Pt. 2, R. 2.2.B(10)]. Permit to Construct Condition No. L-8.*

Corrective Action: By notification on October 31, 2014, and by letter dated November 6, 2014, MDEQ was informed that Emission Point AA-001 failed to meet the CO reduction efficiency of 80% during the performance test conducted on October 24, 2014. Emission Point AA-001 had a control efficiency for CO of 58%. The oxidation catalyst was replaced and the unit was retested on December 3, 2014. The test results showed a CO reduction efficiency of 97%.

- F. While not a violation of the Construction Permit due to the failure to apply for and obtain a permit transfer, the facility failed to submit a timely semi-annual monitoring report for the first half of 2014 as required by Permit Condition S-2.

*The permittee shall submit semiannual reports to DEQ showing the monthly records for CO emission limit and calculate the twelve (12) month rolling total. The permittee shall also calculate and provide a summary sheet of the total facility wide emissions for CO in tons per year. The reports shall be submitted by January 31 and by July 31 for the previous 12 months. Further, the permittee shall report and exceedance of the CO emission limit within ten (10) days of discovering such exceedance. [11 Miss. Admin. Code Pt. 2, Ch.2. R. 2.2(B)(11)]*

Corrective Action: The Semi-Annual monitoring report for the first half of 2014 was received on January 14, 2015, with the second half of 2014.

2.

In lieu of a formal enforcement hearing concerning the violations listed above, Complainant and Respondent agree to settle this matter as follows:

- A. Respondent agrees to pay and Complainant agrees to accept a civil penalty in the amount of \$90,000.00. Respondent shall pay this penalty to MDEQ within forty-five (45) days after this Agreed Order has been executed by the MDEQ Executive Director. The settlement payment shall be submitted to:

Mississippi Department of Environmental Quality  
Attn: Jennifer Parish  
P.O. Box 2339  
Jackson, MS 39225

3.

Nothing in this Agreed Order shall limit the rights of MDEQ or the Commission in the event Respondent fails to comply with this Agreed Order. The Agreed Order shall be strictly construed to apply to those matters expressly resolved herein.

4.

Nothing contained in this Agreed Order shall limit the rights of MDEQ or the Commission to take enforcement or other actions against Respondent for violations not addressed herein and for future violations of environmental laws, rules, and regulations.

5.

Respondent understands and acknowledges that it is entitled to an evidentiary hearing

before the Commission pursuant to Miss. Code Ann. § 49-17-31, and that it has made an informed waiver of that right.

ORDERED, this the 2<sup>nd</sup> day of DECEMBER, 2015.

MISSISSIPPI COMMISSION ON  
ENVIRONMENTAL QUALITY

BY: 

GARY C. RIKARD  
EXECUTIVE DIRECTOR  
MISSISSIPPI DEPARTMENT  
OF ENVIRONMENTAL QUALITY

AGREED, this the 24 day of November, 2015.

LEAF RIVER ENERGY CENTER LLC

BY: Mark Fullerton

TITLE: CEO

STATE OF Texas

COUNTY OF Harris

PERSONALLY appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Mark Fullerton who first being duly sworn, did state upon his/her oath and acknowledge to me that he/she is the CEO of Leaf River Energy Center LLC and is authorized to sign and enter this Agreement.

SWORN AND SUBSCRIBED BEFORE ME, this the 24 day of Nov., 2015.

Van L Bui  
NOTARY PUBLIC  
Van Bui

My Commission expires: June 2, 2018



