NSC Technical Subcommittee Call Minutes – September 16, 2025

Participation [by region]:

2: Maxwell Graham – **NJ** and James Pellegrini & Edward Bakos - **NJ**
3: Valerie Shaffer, Carrie Wintersteen, Lucas Hershey & Jeremy Hancher – **PA**
4: Donovan Grimwood – **TN**; Sierra McComas & Brittany Kring – **KY** and Jessica Dalton, Michael Venci & Dylan Edeker – **FL**
5: Lisa Ashenbrenner-Hunt -**WI**; Tamara Girard – **OH** and Hani Sharaya, Leigh Anne Harvey, Tammy Haug, Chrystal Wagner, Malorie Medellin & Mark Stoddard – **IN**
6: Vanessa Kohrs - **AR**
7: Christine Paulson – **IA** and Bob Randolph – **MO**
8: Michael Gustafson – **MT**
9: Alex Torres – **AZ**

EPA: Melanie King, Christine Clark & Rhonda Wright

Unknown: Jordan Henniges

Tech-Subcommittee: https://nationalsbeap.org/committees/technical

***** This presentation was recorded and is posted on the National SBEAP YouTube channel at https://www.youtube.com/watch?v=OXkVoEBAPKE *****

EPA Interpretation of RICE Regulations for Duke Energy's PowerShare Mandatory 50 Program

Melanie King, EPA OAQPS

***Condensed & Summarized T*ranscript**

Copilot M365 with review by Melanie

Speaker & Background

Melanie King, from the EPA's Office of Air Quality Planning and Standards (OAQPS), presented an overview of EPA's regulatory interpretation regarding Duke Energy's *PowerShare Mandatory 50* demand response program. This presentation builds on a longstanding relationship between EPA and state-level technical assistance programs, dating back to the original promulgation of the RICE NESHAP (Subpart ZZZZ or "4Z") in 2010. The session also referenced related NSPS rules: Subpart IIII ("4I") and Subpart JJJJ ("4J"), all of which regulate stationary reciprocating internal combustion engines (RICE).

Key Points from the Presentation

1. Overview of Duke Energy's Request

- In **January 2025**, Duke Energy requested EPA's interpretation on whether its *PowerShare Mandatory 50* program met the criteria under **40 CFR 63.6640(f)(4)(ii)**.
- The program allows **emergency engines** to operate **up to 50 hours per year** in **non-emergency** situations under a **financial arrangement** to support grid reliability.

2. EPA's Interpretation and Criteria

EPA concurred that Duke's program meets the five regulatory criteria for non-emergency use of emergency engines:

1. **Dispatched by** the local balancing authority (Duke Energy).

2. **Purpose**: To mitigate local transmission/distribution limitations and avert voltage collapse or line overloads.
3. **Follows protocols**: Must align with NERC, state, or utility commission guidelines.
4. **Power use**: Limited to the facility or local grid support.
5. **Recordkeeping**: Must document who dispatched the engine and under what protocol.

3. Program Characteristics

- The program is **last in the dispatch stack**, used only when grid reserves fall below thresholds (e.g., **EEA Level 1** transitioning to Level 2).
- Targeted facilities include **hospitals, data centers, wastewater treatment plants, and grocery stores**.
- Duke Energy operates as the **balancing authority** in NC and SC, areas not covered by an RTO or ISO.

4. Broader Context and Implications

- The interpretation supports **grid reliability** amid **significant load growth**, especially from **data centers and AI infrastructure**.
- EPA issued a **fact sheet** highlighting this interpretation as a model for other utilities.
- The agency anticipates **similar requests** from other utilities.
- EPA is also engaging with stakeholders (e.g., ISOs, engine manufacturers, state agencies) to identify **regulatory barriers** to power reliability and **data center development**.

5. Related Regulatory Developments

- EPA is reviewing **permitting flexibilities** and **inducement shutdown rules** for Tier 4 engines.
- A new **guidance document** (August 2025) extends the time before shutdown from 4–5 hours to **100 hours** for certain engines using NOx controls.

Questions, Answers & Conclusions

Q&A Highlights

- **Tammy Haug** (Indiana SBEAP) asked about the fact sheet and stakeholder outreach. Melanie confirmed broad engagement with ISOs, data centers, engine manufacturers, and state agencies.
- **Mark Stoddard (Indiana SBEAP)** inquired about **state-level permitting** differences and the challenge of identifying remote engine operators. Melanie acknowledged these issues and noted EPA is exploring **permitting guidance** but has limited authority over minor source permitting.
- Melanie confirmed that **no new outreach** is currently planned but welcomed support from state programs in future rulemakings or public comment periods.

Conclusions

- The *PowerShare Mandatory 50* program is a **compliant model** under current RICE NESHAP rules.
- EPA is **open to future interpretations** and **regulatory updates** to support grid reliability and technological growth.
- State programs like Indiana's SBEAP are encouraged to **stay engaged** and assist in outreach when new proposals arise.

Key Documents & Links

- **Duke Energy Request Letter (Jan 15, 2025)**: View PDF
- **EPA Response Letter (Feb 27, 2025)**: View PDF
- **EPA Fact Sheet & FAQs (May 1, 2025)**: View PDF
- **EPA Guidance on Tier 4 Inducement Shutdowns (Aug 11, 2025)**: View PDF

Bio

Melanie King
Energy Strategies Group
Sector Policies and Programs Division
Office of Air Quality Planning and Standards
(919) 541-2469
king.melanie@epa.gov

Melanie King is an Environmental Engineer in the Energy Strategies Group at the U.S. EPA's Office of Air Quality Planning and Standards in Research Triangle Park, NC. She is currently working on developing and implementing regulations for emissions from stationary internal combustion engines and combustion turbines. Prior to joining EPA, she worked for the North Carolina Division of Air Quality.

Future topics:

- **October 20 – 22:** Annual Training, Salt Lake City, Utah
- **November 18:** Updates to the National Compliance Assistance Center – ComplianceAssistance.net – Lisa Stobierski, National Center for Manufacturing Sciences or an EPA surrogate – *pending management approval*
- **December 16:** To be determined

Next Call: November 18

1 pm CDT (2 pm EDT) (3rd Tuesday of month)

Regulatory Interpretation Request from Duke Energy

Overview for Small Business Environmental Assistance Program
September 16, 2025

U.S. EPA Office of Air Quality Planning and Standards

Duke Energy's Regulatory Interpretation Request

- On January 15, 2025, the EPA received a request from Duke Energy for a regulatory interpretation regarding Duke Energy's new PowerShare Mandatory 50 demand response program ("Program").

- The request asked the EPA to confirm that the Program meets the five criteria in the RICE NESHAP that identify situations when emergency engines can operate for up to 50 hours in a financial arrangement:
  - The engine is dispatched by the local balancing authority or local transmission and distribution system operator.
  - The dispatch is intended to mitigate local transmission and/or distribution limitations so as to avert potential voltage collapse or line overloads that could lead to the interruption of power supply in a local area or region.
  - The dispatch follows reliability, emergency operation, or similar protocols that follow specific North American Electric Reliability Corporation (NERC), regional, state, public utility commission or local standards or guidelines.
  - The power is provided only to the facility itself or to support the local transmission and distribution system.
  - The owner or operator identifies and records the entity that dispatches the engine and the specific NERC, regional, state, public utility commission, or local standards or guidelines that are being followed for dispatching the engine. The local balancing authority or local transmission and distribution system operator may keep these records on behalf of the engine owner or operator.

Duke Energy's Program

- Duke Energy's request stated the following regarding their Program:
  - Program requires participants to reduce their electricity demand at Duke's request, commonly through operation of on-site backup generators.
  - Program will be dispatched when forecasted grid reserves fall below Duke's thresholds for maintaining reliable service—specifically, under Energy Emergency Alert (EEA) Level 1 when transition to EEA Level 2 is imminent without further action.
  - Program would fall below other emergency demand response programs in Duke's resource stack.
  - Program prevents the need for rotating load shed, which would create local disturbances that could result in use of all generators throughout the affected areas.
  - Program targets water treatment, retail, grocery, data center, and hospital facilities.
  - Duke Energy serves as its own balancing authority in NC and SC and is not covered by an RTO or ISO.

The EPA's Response to Duke Energy's Request

- The EPA issued a response to Duke Energy's request on February 27, 2025.
  - The response concurred that the Program met the provisions in the RICE NESHAP.

- The EPA also issued a fact sheet regarding the response, which cited the following:
  - Administrator Zeldin's *Powering the Great American Comeback* initiative; and
  - Executive Order 14156: Declaring a National Energy Emergency.

- The fact sheet explained that utility demand response programs must meet the five criteria in the RICE NESHAP to allow use of emergency generators to supply power for up to 50 hours in non-emergency situations as part of a financial arrangement with another entity.