UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

DOCKET
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DATE DEC 7 2006
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December 7, 2006

Alan J. De Salvio
Mojave Desert Air Quality Management District
14306 Park Avenue
Victorville, CA 92392

Subject: Blythe Energy Project II offsets

Dear Mr. De Salvio:

I am writing with regards to the proposed offsets for the proposed Blythe Energy Project II. This project would be located in the town of Blythe in Eastern Riverside County near the Arizona border. We commented on these offsets to you in our December 26, 2002 letter, and copied the California Energy Commission. We also sent this letter to the California Energy Commission again on November 21, 2005 as part of their licensing process. Your January 5, 2006 letter requests that we approve the following on a project-specific basis:

- the use of interpollutant offsets - NOx for VOC and PM_{10} for SOx
- the proposed interpollutant offset ratio of 1:1 for this project - NOx for VOC and PM_{10} for SOx
- road paving to offset PM_{10} emissions from the project

The project is located in an area of the District that is not designated non-attainment for any federal National Ambient Air Quality Standards (NAAQS) including, as noted in your letter to us, ozone and PM_{10}. (See http://www.epa.gov/region09/air/maps/maps_top.html). We also understand that there is no federally-required District maintenance plan or other requirement that relies on offsets. Therefore, EPA Region 9 has determined, in response to your letter, that we will defer to the District and the state to review individual offsets in attainment areas that are required under Mojave Desert AQMD Rule 1305. This letter does not represent EPA concurrence on whether these credits meet federal offset requirements.

We remain committed to working with you to ensure that all offsets used in non-attainment areas will meet all federal offset requirements, and we have been informed that offset packages are currently being prepared for other proposed projects that would be located in areas of your District that are designated as federal non-attainment areas. While we are not reviewing offsets generated and used within attainment areas, we would like to ask your assistance in making sure that potential applicants who contact you understand that the Clean Air Act bars applicants in federal non-attainment areas from using any offsets generated in federal attainment areas.

Clean Air Act section 173(c)(1) states: "The owner or operator of a new or modified major stationary source may comply with any offset requirement in effect under the part for increased emissions of any air pollutant only by obtaining emission reductions of such air pollutant from the same source or other sources in the same noattainment area, except that the State may allow the owner or operator of a source to obtain such emission reductions in another nonattainment area if (A) the other area has an equal or higher nonattainment classification and (B) emissions from such other area contribute to a violation of the national ambient air quality standard in the nonattainment area in which the source is located."

If you have any questions, please call me at (415) 972-3974 or Ed Pike of my staff at (415) 972-3970.

Sincerely,

FOR

Gerardo C. Rios
Chief, Air Permits Office

cc: Bill Pfanner, CEC
Thomas Cameron, Blythe II
Mike Tollstrup, CARB