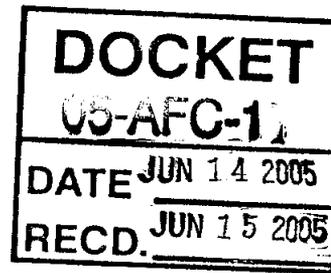


June 14, 2005

Mr. Thomas Goff
Permit Services Manager
San Joaquin Valley APCD
2700 M Street, Suite 275
Bakersfield, CA 93301-2373



1801 J Street
Sacramento, CA 95814
(916) 444-6666
Fax: (916) 444-8373

Re: Pastoria Energy Facility Expansion Project #1052027

Dear Mr. Goff:

Pastoria Energy Facility, LLC, has filed an Application for Certification with the California Energy Commission (CEC) and an application for Authority to Construct with the District for the addition of one 160 MW GE 7FA simple cycle combustion turbine generator to be constructed and operated at the Pastoria Energy Facility in southern Kern County. In the application filed with the District in early May, we made an error in the calculation of annual NOx emissions from the expansion CTG (Table A-2 of the Air Quality Technical Report) that slightly overestimated the annual NOx emissions from the project. This error was pointed out by Richard Karrs of your staff in a telephone conversation on June 9, 2005.

The purpose of this letter is to provide corrected versions of the tables that include the erroneous annual NOx emissions. The corrected tables also reflect the change in the VOC emission rate for the project that was the subject of our letter dated May 24, 2005. The ambient air quality modeling analysis is not being revised as that analysis did not utilize the erroneous annual NOx emission rate in Table A-2.

If you have any additional questions regarding the project, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Matthews".

Nancy Matthews

enclosures

cc: Richard Karrs, SJVAPCD
Dr. James Reede, CEC Project Manager
Keith Golden, CEC
Will Walters, Aspen Environmental
Gerardo Rios, EPA Region IX

Table F-1
PEF Expansion Project
Emission Reduction Credits
VOC Emission Rates Revised 5/05; Annual NOx Emissions Corrected 6/05

	Q1 (lbs)	Q2 (lbs)	Q3 (lbs)	Q4 (lbs)	Annual, lbs	Exclusion
NOx	90	91	92	92	365	
Project Emissions	39,817	40,260	40,702	40,702	161,480	
Project Emissions Subject to Offset	39,817	40,260	40,702	40,702	161,480	
Required Offsets (1.5 ratio)	59,726	60,389	61,053	61,053	242,221	
ERC Cert S-1554-2 (Note a)	109,935	121,484	127,922	117,272	476,613	
ERC Cert S-1543-2	10,354	8,381	11,018	11,467	41,220	
Surplus NOx ERCs	60,563	69,476	77,887	67,686	275,612	
Additional NOx ERCs for PM10	52,877	53,464	54,052	54,052	214,445	
Net Surplus NOx ERCs	7,686	16,012	23,835	13,634	61,167	
VOC						
Project Emissions	7,331	7,412	7,494	7,494	29,730	
Project Emissions Subject to Offset	7,331	7,412	7,494	7,494	29,730	
Required Offsets (1.5 ratio)	10,996	11,118	11,241	11,241	44,596	
ERC Cert N-444-1 (Note b)	47,635	37,534	40,666	32,156	157,991	
ERC Cert S-1666-1	0	0	0	9	9	
Net Surplus VOC ERCs	36,639	26,416	29,425	20,924	113,404	
SOx						
Project Emissions	7,549	7,633	7,717	7,717	30,616	
Project Emissions Subject to Offset	7,549	7,633	7,717	7,717	30,616	
Required Offsets (1.5 ratio)	11,324	11,450	11,575	11,575	45,924	
ERC Cert S-1344-5	25,521	30,054	14,242	12,127	81,944	
Net Surplus SOx ERCs	14,197	18,604	2,667	552	36,020	
PM10						
Project Emissions	19,440	19,656	19,872	19,872	78,840	
Project Emissions Subject to Offset	19,440	19,656	19,872	19,872	78,840	
Required Offsets (1.5 ratio)	29,160	29,484	29,808	29,808	118,260	
PM10 from NOx ERCs (2.72 ratio)						
(Note c)	52,877	53,464	54,052	54,052	214,445	2.72
Surplus NOx ERCs Used for PM10	52,877	53,464	54,052	54,052	214,445	
Net Surplus PM10 ERCs	0	0	0	0	0	

Notes:

- a. These ERCs are surplus to those previously allocated for Pastoria and SJVEC.
- b. These ERCs are surplus to those allocated for SJVEC (formerly Cert N-303-1).
- c. The District has previously approved a NOx:PM10 ratio for Pastoria of 2.72 to 1, including the offset ratio.

Criteria Pollutant Emissions Summary: Expansion CTG. The calculation of maximum facility emissions shown in Table 5.2-20 is based on the CTG emission rates shown in Tables 5.2-18 and 5.2-19, the fuel use limitations in Table 5.2-17, and the following assumptions:

**TABLE 5.2-19
EXPANSION CTG STARTUP AND SHUTDOWN EMISSION RATES**

	NO _x	CO	VOC
Startup and Shutdown, lb/hr	80	902	16

- The expansion CTG may operate up to 24 hours per day
- The CTG may have up to two 1-hour startups per day, with a total of 2 hours of startup/shutdown activity
- The CTG may have a total of 300 hours per year of startup/shutdown activity

**TABLE 5.2-20 REVISED
EMISSIONS FROM EXPANSION CTG**

Emissions/Equipment	Pollutant				
	NO _x	SO ₂	CO	VOC	PM ₁₀
Maximum Hourly Emissions					
CTG ^a , pounds per hour	80	3.5	902	16	9.0
Maximum Daily Emissions					
CTG, pounds per day	450	84	2,113	97,432	216
Maximum Annual Emissions					
CTG, pounds per year	161,480	164,250	30,616	471,492	29,730
				43,454	78,840

a. Maximum hourly NO_x, CO, and VOC emission rates reflect emissions during startup.

As discussed above, there will be no increase in emissions from the cooling tower (S-3636-5-2) as a result of the operation of the PEF Expansion.

5.2.5.2.2 Criteria Pollutant Emissions: Existing Equipment. The pre-project Stationary Source Potential to Emit (SSPE1) is equal to the overall potential to emit limit for all units covered by existing Authorities to Construct at the facility. The SSPE1 for the existing facility is shown in Table 5.2-21.

5.2.5.3 Emissions Assessment: Toxic Air Contaminants

5.2.5.3.1 Toxic Air Contaminant Emissions: Expansion CTG. Maximum hourly and annual TAC emissions were estimated for the proposed expansion CTG. Maximum proposed TAC emissions were calculated from the heat input rate (in MMBtu/hr and MMBtu/yr),

**TABLE 5.2-29 REVISED
PSD SIGNIFICANT EMISSIONS LEVELS**

Pollutant	Existing PEF Facility Emissions (tpy)	PEF Expansion Emissions Increase (tpy)	PSD Significance Threshold (tpy)	Are Emissions from Expansion Significant?
NO _x	172.9	80.7 82.4	40	Yes
SO ₂	42.4	15.3	40	No
VOC	113.8	14.9 24.6	40	No
CO	610.5	285.7	100	Yes

**TABLE 5.2-30
PSD LEVELS OF SIGNIFICANCE**

Pollutant	Averaging Time	Significant Impact Levels	Maximum Allowable Increments
NO ₂	Annual	1 µg/m ³	25 µg/m ³
SO ₂	3-hour	25 µg/m ³	512 µg/m ³
	24-Hour	5 µg/m ³	91 µg/m ³
	Annual	1 µg/m ³	20 µg/m ³
CO	1-Hour	2000 µg/m ³	N/A
	8-Hour	500 µg/m ³	N/A
PM ₁₀	24-Hour	5 µg/m ³	30 µg/m ³
	Annual	1 µg/m ³	17 µg/m ³

Table 5.2-29 shows that the proposed project will be a major modification to a major stationary source and will therefore be subject to PSD review for NO_x and CO. Since the SJVAPCD is a nonattainment area for PM₁₀, the project is not subject to PSD review for that pollutant.

The maximum modeled impacts from the expansion CTG are compared with the significance levels in Table 5.2-31. Since the modeled impacts of the proposed expansion turbine project are well below all applicable significant impact levels, no increments analysis is required.

5.2.5.4.7 Air Quality Related Values. The PSD regulations require an assessment of the impacts, including visibility, of major sources on Air Quality Related Values (AQRVs) in Class I areas within 100 kilometers of the project site. The nearest Class I area is the San Rafael Wilderness Area, which is located approximately 73 kilometers from the project site. The San Rafael Wilderness Area is located in the Los Padres National Forest. Figure 5.2-7 shows this area with respect to the project site. PSD is applicable to NO₂, CO, and SO₂ for this project. PSD is not applicable to PM₁₀, for which the SJVAPCD has been designated a non-attainment area. Emissions of CO are not generally a concern, and are not included in the AQRV analysis. However, PM₁₀ emissions were included in the analysis.

BACT for CO emissions will be achieved by using good combustion practices to achieve CO emissions of 6.0 ppmvd, corrected to 15 percent O₂, on a 3-hour average basis. Recent District BACT determinations indicate that BACT from large, simple-cycle combustion turbines (≥ 50 MMBtu/hr heat input) is 6 ppmvd CO, corrected to 15 percent O₂. A review of recent BACT determinations for CO from combustion turbines is provided in Appendix E.

BACT for POC emissions will be achieved by use of good combustion practices in the combustion turbine. BACT for POC emissions from combustion devices has historically been the use of best combustion practices. POC emissions leaving the stacks will not exceed 1.3 2.0 ppmvd, corrected to 15 percent oxygen. This level of emissions is consistent with recent BACT determinations for similar projects.

For the turbine, BACT for PM₁₀ is best combustion practices and the use of gaseous fuels. District BACT Guideline 3.4.7 specifies BACT for SO₂ for simple cycle combustion turbines with an output rating of ≥ 50 MW as the exclusive use of clean-burning PUC regulated natural gas with a sulfur content of < 0.75 grains per 100 scf. The proposed turbine will burn exclusively PUC-regulated natural gas with an expected average sulfur content of 0.75 grains per 100 scf, which will result in minimal SO₂ emissions.

5.2.6.3.2 Emission Offsets. A new or modified facility with a stationary source NSR balance exceeding the SJVAPCD offset thresholds shown in Table 5.2-36. PEF must offset all emissions increases at a ratio that varies according to the distance between the facility and the source of the offsets.

TABLE 5.2-36 REVISED
SJVAPCD OFFSET EMISSION THRESHOLDS

Pollutant	Threshold, lb/yr	Existing Facility Emissions, lb/yr	Expansion CTG Emissions, lb/yr
NO _x	20,000	344,484	161,480 164,250
SO ₂	54,730	84,780	30,616
CO ^a	200,000	1,220,166	471,492
VOC	20,000	227,619	29,730 43,454
PM	29,200	236,462	78,840

a. In attainment areas. CO emissions in nonattainment areas subject to 30,000 lb/yr offset threshold.

The District new source review rule requires project denial if SO₂, NO₂, PM₁₀, or CO air quality modeling results indicate emissions will interfere with the attainment or maintenance of the applicable ambient air quality standards or will exceed PSD increments. The modeling analyses presented in Section 5.2.5.3 of the application show that facility emissions will not interfere with the attainment or maintenance of the applicable air quality standards.

Emissions offset requirements for NO_x, VOC, SO₂, and PM₁₀ are shown in Table 5.2-37 below. Appendix F, Table F-1 of the Air Quality Technical Report shows the ERCs that will be provided for the project. NO_x ERCs will be used for offsetting PM₁₀ emissions increases, in accordance with Rule 2201 Section 4.13.3.2, at the ratio of 2.72:1 (including distance) that was previously approved for the PEF project.

**TABLE 5.2-37 REVISED
FACILITY OFFSET REQUIREMENTS**

Pollutant	Net Increase in Emissions (lb/yr)	Required Offset Ratio ^a	Offsets Required (lb/yr)
NO _x	161,480 164,250	1.5	242,221 246,375
VOC	29,730 43,454	1.5	44,596 64,732
SO ₂	30,616	1.5	45,924
PM ₁₀	78,840	1.5	118,260

a. Based on assumption that ERCs are obtained from sources more than 15 miles away

The federal PSD rules also require applicants to demonstrate that emissions from a project located within 10 km (6.2 miles) of a Class I area will not cause or contribute to the exceedance of any national ambient air quality standard or any applicable Class I PSD increment. Because the nearest Class I areas, San Rafael and Dome Land Wilderness Areas, are more than 10 km from PEF, this section is not applicable to the proposed facility.

5.2.6.3.3 SJVAPCD Prohibitory Rules. The general prohibitory rules of the SJVAPCD applicable to the project include the following:

- **Rule 4001 – NSPS Subpart GG:** As discussed above, compliance with the Subpart GG requirements has already been demonstrated.
- **Rule 4002 – National Emissions Standards for Hazardous Air Pollutants:** The requirements of this rule apply to the project; however, since the facility will continue to be a non-major source of HAPs, no action is necessary to demonstrate continued compliance.
- **Rule 4101 – Visible Emissions:** Prohibits visible emissions as dark or darker than Ringelmann No. 2 for periods greater than three minutes in any hour. The existing facility permit limits the visible emissions from the turbine lube oil vents (5%) and exhaust stacks (20%). The proposed simple cycle expansion CTG is expected to be able to comply with these limitations.
- **Rule 4102 – Nuisance:** Prohibits the discharge from a facility of air pollutants that cause injury, detriment, nuisance, or annoyance to the public, or that damage business or property. The engineering evaluation for the original permit indicated that the equipment