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DOCKET
06-AFC-2
DATE JUL 14 2006
RECD. JUL 14 2006

July 14, 2006

322752

Mr. Robert Worl
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: AES Highgrove Project (06-AFC-2)
Data Adequacy Supplement B

Dear Bob:

Please find attached a letter from the South Coast Air Quality Management District (SCAQMD) stating that AES' application package to the SCAQMD is complete. It is our understanding that with this letter the AES Highgrove Project AFC is now complete. To meet filing requirements, 125 hard copies are being submitted to the Commission.

Sincerely,

CH2M HILL

John L. Carrier, J.D.
Program Manager

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

July 14, 2006

Ms. Julie Way, President
AES Highgrove, LLC.
690 Studebaker Road
Long Beach, CA 90803

Subject: Permit Applications for the AES Highgrove project (CEC 06-AFC-2) to be located at 12700 Taylor Street, Grand Terrace, CA 92313 (Facility ID 115666)

Dear Ms. Way:

The South Coast Air Quality Management District (AQMD) received the subject permit applications on June 23, 2006. AQMD also received supplemental application materials via email to Mr. Li Chen on July 7, 2006. As a first step of its reviewing process AQMD has briefly evaluated the applications to determine whether the applications are complete and ready for review. Based on our initial review of the submitted materials it has been determined that the application package is complete. The reference application numbers for this project and our initial review determination are provided in the next table.

Application	Equipment Description	Completeness Determination
458297	GE LMS100 Gas Turbine Generator #1	Deemed Complete
458298	GE LMS100 Gas Turbine Generator #2	Deemed Complete
458299	GE LMS100 Gas Turbine Generator #3	Deemed Complete
458300	SCR and Oxidation Catalyst for GT#1	Deemed Complete
458301	SCR and Oxidation Catalyst for GT#2	Deemed Complete
458302	SCR and Oxidation Catalyst for GT#3	Deemed Complete
458303	Ammonia Storage Tank	Deemed Complete
458304	Oil/Water Separator	Deemed Complete
458295	Title V Facility Permit Application	Deemed Complete

Please be aware that additional information will be needed during the course of our full engineering evaluation. Your cooperation is key to the timely review of the applications. The following issues have been identified during the completeness review:

- Offset – The application indicates that the facility intend to acquire credits from the AQMD's priority reserve for the purpose of emission offsets, subject to AQMD's rule amendment and approval. Please be aware that, as a prerequisite to accessing the priority reserve, the facility shall conduct due diligence efforts to secure available ERCs from the open market. The facility shall report to the

AQMD on a monthly basis the due diligence efforts. The following is a preliminary estimate of the offsets required for this project based on the AFC.

Pollutant	Amount	Source 1	Source 2
NOx	212,144 lbs first year 183,518 lbs normal year	RTC	
SOx	33 lbs/day	ERC	Priority Reserve per Rule 1309.1
CO	815 lbs/day	ERC	Priority Reserve per Rule 1309.1
PM10	333 lbs/day	ERC	Priority Reserve per Rule 1309.1
VOC	139 lbs/day	ERC	

The facility needs to hold sufficient offset credits for SOx, CO, PM10 and VOC before the permit to construct could be issued. Additionally, the facility needs to demonstrate that it holds sufficient amount of NOx RTCs before the project could commence operation.

- Facility ID – Since the project will be located on site of the current Riverside Canal Power Company (RCPC, ID #115666), and that AES Highgrove LLC and RCPC are both owned by AES Corporation, AES Highgrove, LLC needs to submit an application to change the facility name from RCPC to AES Highgrove, LLC. After the facility name change is approved by AQMD AES Highgrove, LLC will inherit the facility's Title V/RECLAIM permit as well as the NOx RECLAIM allocations.

- Existing Emission Reduction Certificates (ERC) – AES Highgrove, LLC owns thirteen ERCs under the facility ID of 141891. In order to use these ERCs for this power plant project, which shall be under facility ID of 115666, AES Highgrove, LLC shall submit applications to AQMD to change the facility ID to 115666.

- Public Notice – Our initial review indicates that the project will require public notice per Rules 212, 1309.2, and 3006. The AQMD will prepare and distribute the public notice. In accordance with Rule 212, AES may be required to also distribute the notice to nearby residents.

If you have any questions regarding your permit applications please contact Mr. Li Chen at (909) 396-2426.

Sincerely,

Pang Mueller
Senior Manager
Refinery, Energy, & RECLAIM Administration Team
Engineering and Compliance

CM:TV:JTY:LC

cc: Mohsen Nazemi, AQMD
James Reede, CEC