City of Carlsbad
Office of the City Manager

DOCKET
07-AFC-6
DATE JUN 12 2009
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June 12, 2009

Mike Monasmith
Siting Project Manager
California Energy Commission
1516 Ninth Street, MS-15
Sacramento, CA 95814

Re: Carlsbad Energy Center Project (07-AF-6) – June 11, 2009 EPA Letter

Dear Mr. Monasmith:

The City of Carlsbad respectfully submits the following letter to the U.S. Environmental Protection Agency (EPA) for docketing. This letter, dated June 11, 2009, is regarding the Prevention of Significant Deterioration (PSD) review.

If you have any questions, please feel free to contact me at 760-434-2820.

Sincerely,

Joe Garuba
Municipal Projects Manager

JG:ad

c: Proof of Service List (Revised 5/11/2009)

City of Carlsbad
Office of the City Manager

June 11, 2009

Mr. Gerard Rios
Air Division AIR-3
U.S. Environmental Protection Agency
73 Hawthorne Street
San Francisco, CA 94105

Dear Mr. Rios:

The City of Carlsbad is writing in response to NRG's proposed Carlsbad Energy Center Project (CECP). In a letter dated June 5, 2009, NRG requested that the U.S. Environmental Protection Agency (EPA) determine that the proposed plant would not trigger a Prevention of Significant Deterioration (PSD) review.

The City of Carlsbad has reviewed NRG's request and strongly disagrees with their conclusions. Specifically the City objects to the operational years of the Encina Power Station (EPS) Units #1-3, which it is proposing to be considered for the air emission baseline for PSD evaluation.

In the letter, NRG highlights the emission baseline which the San Diego Air Pollution Control District (APCD) is using in reviewing the CECP. It is worth noting that the baseline (32.8 tons per year of NOx) the APCD established for the existing EPS Units 1-3, was based on a methodology in which it took the five years preceding the date of application and averaged the annual amount of emissions over that period. However, it should be recognized that the APCD does not currently have PSD permit authority and its baseline methodology was predicated on regulations which differ from those of the EPA's.

After a review of federal regulations, it appears that a different baseline methodology than that of the APCD's should be applied when considering if the CECP has triggered a PSD review.

Based on information provided by NRG to the California Energy Commission as part of the CECP, it is clear that annual emissions from the EPS have substantially decreased over the past several years. Table 1 reflects the annual NOx emissions in tons from EPS Units #1-3 for the years 2002 - 2008.

1200 Carlsbad Village Drive • Carlsbad, CA 92008-1989 • (760) 434-2821 • FAX (760) 720-9461

Table 1 – EPS Units #1-3 NOx emissions tons/year

	2002	2003	2004	2005	2006	2007	2008
NOx	39.5	30.8	46	31.8	16.2	10.1	6.2

Furthermore, it is apparent that due to ongoing delays in project permitting and the numerous government agencies which still need to consider the proposed power plant, the CECP will not be permitted during 2009 and may not be permitted until late 2010/beginning 2011.

The City of Carlsbad believes the EPA's regulations are clear and encourages it to follow its baseline calculation methodology as established by Section 52.21(b) (48). Based on this methodology, the CECP's available baseline for NOx credits associated with the EPS would be the five years immediately preceding construction. Construction on CECP could begin at the earliest in 2010 which would set the baseline years from 2005-2009. Selecting the two highest years of emissions which are 2005 and 2006, the 24 month average is approximately 24 tons of NOx. Using this calculation, the CECP would cause a net increase of 49 tons NOx per year, which triggers both the NOx and the Ozone threshold for significance (40 tons per year). Recognizing the trend of EPS's decreasing usage and the substantial changes in the region's power supply, it is foreseeable that the net increase in air emissions related to the CECP would grow if the construction schedule for the CECP was delayed beyond 2010.

The City of Carlsbad appreciates your consideration of this matter. If you have any questions, please feel free to contact me at 760-434-2820.

Sincerely,

Joe Garuba
Municipal Projects Manager

JG:ad

c: Packard Government Affairs
Caridad Sanchez, Senator Boxer's Office

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV

APPLICATION FOR CERTIFICATION FOR THE *CARLSBAD ENERGY CENTER PROJECT*

Docket No. 07-AFC-6
PROOF OF SERVICE
(Revised 5/11/2009)

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*indicates change

DECLARATION OF SERVICE

I, Andrea Dykes, declare that on June 12, 2009, I served and filed copies of the attached document. The original document, filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at: **[http://www.energy.ca.gov/sitingcases/carlsbad/index.html]**. The document has been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

(*Check all that Apply*)

For service to all other parties:

__X__sent electronically to all email addresses on the Proof of Service list;

_____by personal delivery or by depositing in the United States mail at Sacramento, California with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list above to those addresses **NOT** marked "email preferred."

AND

For filing with the Energy Commission:

__X__**sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (preferred method);**

OR

_____depositing in the mail an original and 12 paper copies, as follows:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 07-AFC-6
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

I declare under penalty of perjury that the foregoing is true and correct.

*indicates change