

CALIFORNIA ENERGY COMMISSION

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October 19, 2012

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BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

Jack P. Broadbent
Chief Executive Director/Air Pollution
Control Officer
Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109

**SUBJECT: Proposed New Source Review Rule Amendments; Prevention
of Significant Deterioration Rules**

Dear Mr. Jack Broadbent:

The California Energy Commission (Energy Commission) strongly supports the proposed Air District adoption of amendments to its New Source Review rules that will integrate Prevention of Significant Deterioration (PSD) requirements into state permits.

The Energy Commission is required to issue the state permit for all new thermal power plants with a generation capacity 50 MW or greater. The Energy Commission permit is "in lieu" of all other state and local permits (Pub. Resources Code, § 25500), and therefore includes all rules that would be required by the Air District to comply with New Source Review. The Energy Commission staff has worked cooperatively with the Air District for many years to make sure that the state permit includes all Air District requirements.

The federal PSD requirements have been a significant and unfortunate anomaly for the state permit process. PSD requirements have never been part of the Air District's rules that are incorporated into the State Implementation Plan. As a result, satisfaction of PSD requirements has required a separate federal permit, a separate and largely redundant analytic and permitting process, and a separate administrative and judicial review process. This has imposed unnecessary burdens on permit applicants, including applicants for new electric generating power plants, by imposing regulatory expenses, financial uncertainty, and sometimes years of delay to complete the federal review process.

Adoption of the proposed rules regarding PSD will result in an integrated state air permit, thereby avoiding the redundancy and inefficiency involved in the separate federal permit process. The proposed new rules thus promote government efficiency

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and regulatory certainty for permit applicants. For these reasons, the proposed new rules should be adopted.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. P. Oglesby', with a long horizontal flourish extending to the right.

Robert P. Oglesby
Executive Director