



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT
SINCE 1955

February 4, 2010

Rick Thomas
Vice President of Development
Calpine Corporation
4160 Dublin Boulevard
Dublin, CA 94568

APPLICATION NUMBER: 15487
PLANT NUMBER: 18136

FACILITY LOCATION: 3862 Depot Road, near the corner of Depot Road and Cabot Boulevard, in the City of Hayward, Alameda County, California

Subject: Final PSD Permit for the Russell City Energy Center

Dear Applicant:

In accordance with the Prevention of Significant Deterioration ("PSD") provisions of the Clean Air Act, and 40 C.F.R. Section 52.21, the Bay Area Air Quality Management District ("District") has issued a final Federal PSD Permit for the Russell City Energy Center, a 600 megawatt natural gas-fired combined cycle power plant to be located in Alameda County, California. A copy of the Federal PSD Permit is enclosed.

The Air District has issued this Federal PSD Permit after a comprehensive permitting review to ensure that the facility will comply with all requirements of the Federal PSD program under the Clean Air Act. The Air District summarized its analysis of the facility and how it will comply with applicable Federal PSD requirements in the Statement of Basis for this project, which the Air District published on December 8, 2008 along with its initial proposal to issue this permit. The Air District solicited public comment on the December 2008 Draft PSD Permit and accompanying Statement of Basis, and accepted written comments until February 6, 2009. The Air District also held a public hearing at Hayward City Hall to receive comments in person on January 21, 2009. Based on the comments received during this first comment period, as well as on additional review and analysis by Air District staff, the District revised its proposal. The Air District published a revised Draft PSD Permit on August 3, 2009, along with an Additional Statement of Basis summarizing the Air District's analysis on which the revised draft permit was based. The

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Air District then held a second public comment period on the revised Draft PSD Permit, and accepted written comment until September 16, 2009. The Air District also held a second public hearing at Hayward City Hall on September 2, 2009.

The District has responded to all public comments it received on this permit in a Response to Comments document, which is available from the District upon request and on the District's website at www.baaqmd.gov. The PSD Permit, the Response to Comments, and all other relevant documents regarding this permit are available for public review and inspection at District headquarters.

Members of the public who participated in this permitting action and who are dissatisfied with the District's permitting action may appeal the permit to the Environmental Appeals Board pursuant to the appeal provisions of 40 C.F.R. Section 124.19. Any person who failed to file comments or to participate in a public hearing may appeal any changes that the District has made from the draft permit to the final permit. Any such members of the public must file any appeal no later than March 22, 2010. This date provides 45 days from permit issuance to file appeals, which is greater than the minimum 30 days required under 40 C.F.R. Part 124. Permit appeals must be actually received and filed with the Environmental Appeals Board no later than March 22, 2010, to be considered timely. More information regarding the EAB appeals process is available from the EAB at the following addresses or by telephone at (202) 233-0122:

U.S. Environmental Protection Agency
Clerk of the Board, Environmental Appeals Board (MC 1103B)
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460-0001
www.epa.gov/eab/

Pursuant to 40 C.F.R. Section 124.15(b)(1), this PSD Permit becomes effective March 22, 2010, unless an appeal is filed with the Environmental Appeals Board by that date period pursuant to 40 C.F.R. Section 124.19. If an appeal is filed, the PSD Permit does not become effective until the appeal is resolved.

Notice of this permitting action will be served by U.S. mail and/or e-mail on all persons who submitted written or oral comments during the public comment periods for this permit, and other interested persons and entities. Although not required for PSD permits, notice will also be provided by publication in at least one newspaper of general circulation in the area where the project is located, in keeping with the Air District's practice under state-law rules for issuing Authority to Construct permits.

Please include your application number with any correspondence with the District. If you have any questions regarding this matter, please contact Weyman Lee, P.E., Senior Air Quality Engineer, at weyman@baaqmd.gov, (415) 749-4796.

Very truly yours,

A handwritten signature in black ink, appearing to read 'B. Bateman', with a stylized flourish at the end.

Brian Bateman
Director of Engineering

Enclosure: Final PSD Permit