

October 12, 2010

Ms. Kathleen Truesdell
Air Quality Engineer
Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109

RE: Oakley Generating Station – Nox Guarantees

Dear Ms. Truesdell:

Black and Veatch is a world class engineering and construction company. We have a wealth of experience in California, most recently completing PG&E's Gateway Generating Station. We have been working on the Oakley Generating Station for quite some time with a keen interest in being selected by Contra Costa Generating Station LLC (CCGS LLC – the project owner) as the Engineer Procure Construct Contractor (EPC) for the project. In this role, our business is typically asked to guarantee plant performance and schedule. Additionally, another aspect of our business is financial due diligence performing in the role of Bank's Engineer on numerous projects.

With regard to the CCGS Oakley Generating Station's progress, we have been made aware of the BAAQMD's desire to limit the project's NOx emissions to a level below 2ppm. This would establish a new precedent, as we are not aware of any facilities currently operating below the 2 ppm level. If the technology is to be pushed to this level of control, it will require significant flexibility in the averaging period to achieve consistent compliance. As an EPC contractor who is often placed in the position of providing the overall plant performance guarantees, we do not believe we can obtain a "bankable" guarantee from the major equipment suppliers that would support this lower limit with a one-hour averaging period..

As a global engineering and construction firm, we would caution against imposing such a stringent new limit on the Oakley Generating Station. It could have a chilling rippling effect throughout a number of markets and could, in our opinion significantly jeopardize the project's ability to obtain financing.

Very truly yours,



Ted Pintcke
Vice President

BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

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cc: Brian Bateman – BAAQMD
Alexander Crockett – BAAQMD
Jeff McKay – BAAQMD
Jack Broadbent - BAAQMD