

**INTER-OFFICE MEMORANDUM**  
October 25, 2011

To: Barry Young, Permit Evaluation Section Manager *BY*  
Via: Brenda Cabral, Supervising Air Quality Engineer *BC*  
From: Weyman Lee, Senior Air Quality Engineer *WL*  
Re: Renewal of the Russell City Energy Center  
Permit Application #15487, Plant #18136

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Russell City Energy Center, LLC (RCEC) has requested a renewal of the Authority to Construct (ATC) that expires on October 31, 2011 for the construction of the Russell City Energy Center. The District originally issued its Authority to Construct for the project on November 1, 2007, and subsequently renewed it for another two years upon compliance with current BACT requirements and with offset requirements as defined in District Regulations 2-2-301, 302, and 303.

The Russell City Energy Center will be a combined-cycle combustion turbine power generation facility consisting of two gas turbines, a single steam turbine, two heat recovery steam generators (HRSG) or waste heat boilers, a cooling tower, and a diesel fire pump engine. Each natural gas fired combustion turbine generator (CTG) will have a nominal electrical output of 200 MW and the steam produced by the heat recovery steam generators (HRSGs) will feed to a steam turbine generator with a rated electrical output of 235 MW.

Pursuant to District Regulation 2-1-407.3<sup>1</sup>, an Authority to Construct may be renewed for an additional two years upon demonstrating that the project has begun substantial use<sup>2</sup> of the ATC. RCEC notified the District that construction on the project started on September 10, 2010, and by October 10, 2011, some of the heat recovery steam generator framing had been completed<sup>3</sup>. In addition, RCEC has entered into contracts with the following companies during the term of the ATC<sup>4</sup>: (1) Engineering, Procurement and Construction agreement with Bechtel Power Corporation dated as of June 30, 2010; (2) Purchase Contract for Equipment, Modified Stored Equipment and Services with Siemens Energy, Inc. as of July 9, 2010; and (3) Steam Turbine Extended

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<sup>1</sup> 2-1-407.3: If substantial use of the authority to construct has begun, either during the initial term or during a renewal term, the authority to construct shall, upon request by the applicant, be renewed for additional two-year terms until the permit to operate is issued.

<sup>2</sup> 2-1-227: Substantial Use: Substantial use of an Authority to Construct consists of one or more of the following: purchase or acquisition of the equipment that constitutes the source; ongoing construction activities other than grading or installation of utilities or foundations; a contract or commitment to complete construction of the source within two years.

<sup>3</sup> See October 10, 2011 letter and photograph from Barbara McBride, Calpine Corporation to Weyman Lee, BAAQMD, re: Russell City Energy Center, Authority to Construct, Plant ID#18136.

<sup>4</sup> See October 18, 2011 email from Barbara McBride Weyman Lee, re: RCEC Contracts.

Unplanned Maintenance Agreement with General Electric International, Inc. as of August 19, 2010.

To verify that the construction has proceeded beyond the grading and foundation phase, I visited the Russell City Energy Center construction site on October 20, 2011, and was accompanied by Calpine representatives: Barbara McBride, Director of Environmental, Health and Safety and Alison Bryan, EHS Manager. The following photographs document the progress of the Russell City Energy Center construction.

Photograph #1  
HRSG #1 Framing, showing turbine exhaust entry



Photograph #2  
Pillars for elevated installation of the steam turbine





Photograph #3  
HRSG #1 Framing, Showing the Locations of the High, Intermediate, and Low Pressure Sections



Photograph #4  
Piping in open trenches running between condenser and cooling tower



## **Conclusion**

The Authority to Construct satisfies the requirement for a two-year extension pursuant to District Regulation 2-1-407.3, showing substantial use through construction activities and awarding of Engineering/Construction contracts. The applicant has also submitted the required fees pursuant to District Regulation 3-330. It is recommended the District grant the applicant's Request for Renewal of this Authority to Construct for an additional two years.<sup>5</sup>

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<sup>5</sup> The permit conditions will be unchanged, and therefore will remain consistent with the CEC conditions of certification for this power plant.

# Russell City Energy Company, LLC

717 Texas Avenue  
Suite 1000  
Houston, TX 77002

October 10, 2011

Weyman Lee  
Bay Area Air Quality Management District  
939 Ellis Street  
San Francisco, CA 94109

RECEIVED  
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ENVIRONMENTAL HEALTH & SAFETY  
MANAGEMENT DISTRICT

RE: Russell City Energy Center  
Authority to Construct  
Plant ID # 18136

Dear Mr. Lee:

Russell City Energy Company, LLC is requesting an extension of the Authority to Construct (ATC) for the Russell City Energy Center. The Authority to Construct (ATC) was issued on November 18, 2010 and expires on October 31, 2011. In accordance with Regulation 2 Rule 2-1-407.3, if substantial use of the ATC has begun, the ATC can be renewed for additional two-year terms until the permit to operate is issued.

Russell City Energy Center started construction on September 10, 2010. The project has subsequently demonstrated substantial use of the authority to construct by erecting several pieces of the heat recovery steam generator as shown in the attached photograph. Because substantial use of the authority to construct has begun, renewal is not contingent on meeting current BACT and offsets requirements, per Regulation 2-1-407.3.

As required by Regulation 2-1-407, a check for \$101,237 is attached. If you have any questions or require additional information, please do not hesitate to call me at 925-570-0849.

Sincerely,



Barbara McBride  
Director, Environmental, Health and Safety  
Calpine Corporation







## Weyman Lee

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**From:** Barbara McBride <Barbara.McBride@calpine.com>  
**Sent:** Tuesday, October 18, 2011 1:54 PM  
**To:** Weyman Lee  
**Subject:** FW: RCEC Contracts

Here are additional contracts that were signed during the term of the RCEC ATC. The check for the fee will be at the district tomorrow. Please let me know if you need additional information.

*Barbara McBride  
Director, Environmental, Health and Safety  
Calpine Corporation  
925-570-0849*

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**From:** Jill Van Dalen  
**Sent:** Tuesday, October 11, 2011 5:31 PM  
**To:** Barbara McBride; Gevan Reeves  
**Subject:** RCEC Contracts

- 1) Engineering, Procurement and Construction Agreement, dated as of June 30, 2010, between Russell City Energy Company, LLC and Bechtel Power Corporation
- 2) Purchase Contract for Equipment, Modified Stored Equipment & Services, dated as of July 9, 2010, between Russell City Energy Company, LLC and Siemens Energy, Inc.
- 3) Steam Turbine Extended Unplanned Maintenance Agreement, dated as of August 19, 2010, between Russell City Energy Company, LLC and General Electric International, Inc.

Jill Van Dalen  
*Senior Counsel*  
Calpine Corporation  
(925) 557-2296 (direct)  
[jvandalen@calpine.com](mailto:jvandalen@calpine.com)

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