

July 22, 2003

Gilroy Energy Center, LLC  
5029 South Township Road  
Yuba City CA 95993

Attention: Mr. Ed Warner

Application Number: 5501  
Facility Number: B4511  
Equipment Location:  
2425 Cordelia Road  
Fairfield CA 94533

**ALAMEDA COUNTY**

Roberta Cooper  
Scott Haggerty  
(Chairperson)  
Nate Miley  
Shelia Young

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John F. Silva

**SONOMA COUNTY**

Tim Smith  
Pamela Torliatt

William C. Norton  
**EXECUTIVE  
OFFICER/APCO**

Dear Mr. Warner:

The requirement for public and EPA review of the proposed Major Facility Review Permit for the Gilroy Energy Center, LLC (a k a, Wolfskill Energy Center) has been fulfilled. The District received and reviewed your comment letter dated May 21, 2003. In response to some of the comments, the District has amended your Title V permit as described below:

Comment #1: The name of the facility has been changed from Wolfskill Energy Center to Gilroy Energy Center, LLC per Calpine's request.

Comments #2 and #4: The "<" symbol has been removed from the emission limits listed in Table IIB and replaced with a colon to show that the limits represent a "not to exceed" number

Comment #5: The "1-hour rolling average" provision was returned to the ammonia emission concentration limit given in part 18.2 of permit condition 19684

Comment #6: The "1-hour rolling average" provision was returned to the POC emission concentration limit given in part 18.4 of permit condition 19684

Comment #15: Part 24 of condition 19684 has been modified to allow submittal of source test reports within 60 days of the testing date to be consistent with part 10 of condition 19684

Comment #16: The lb/MM BTU limits given in parts 24(e) and 24(f) of condition 19684 have been removed to insure consistency with the original authority to construct issued for the Wolfskill Energy Center

The following are responses to the remainder of the comments submitted in the letter dated May 21, 2003.

### Comment #3: Definition of Clock Hour

Clock Hour has been described as a consecutive 60-minute period without any reference to beginning on the hour. Having a definition as described continuously “shifts” the 60-minute period each time.

Response: Pursuant to part 23(c) of condition 19684, the owner/operator must record the CO, NO<sub>x</sub>, and O<sub>2</sub> or CO<sub>2</sub> emission concentrations once every 15 consecutive minutes. Therefore, compliance determinations with respect to “pound per hour” emission limits can be made on a rolling basis every fifteen minutes. In this way, CEM data that is collected when the turbine is operated for a portion of a clock hour can be used to determine compliance.

### Comments #7 – #14 and #18 – #25: Proposed Increases in daily and annual emission limits and annual heat input limits

The daily NO<sub>x</sub> and CO emission limits of part 21 of condition 19864 should be increased to reflect a maximum of 4 start-ups per day. The annual NO<sub>x</sub>, CO, POC, PM<sub>10</sub>, and SO<sub>2</sub> emission limits should be increased to reflect 8,760 hours of operation per year instead of 6,500 hours of operation per year. The annual heat input limit of part 22 of condition 19864 should be increased to reflect 8,760 hours of operation per year rather than 6,500 hours of operation per year.

Response: The emission increases proposed for part 21 of condition 19864 and annual heat input increases proposed for part 22 require review under NSR since the increases are based upon different operating assumptions than those in the original application for authority to construct. Therefore, the proposed increases cannot be instituted as administrative changes under the Title V permitting process.

### Comment #17: Custom Fuel Monitoring Schedule

The EPA-approved (8/14/87 Rasnic memo) custom fuel monitoring schedule does not reference a 0.2% by weight sulfur limit. The guidance states that compliance with 40 CFR 60.333 (which references a 0.8% by weight sulfur limit) must be met at each monitoring frequency. The value “0.2%” should be replaced with “0.8%”. Also, Condition 26 b states, “...the sulfur content shall be measured quarterly for the next year...” To be consistent with the Rasnic memo, this should be changed to “...the sulfur content shall be measured quarterly for the next six months...”

Response: The custom fuel-monitoring schedule is described in Part 26 of permit condition #19684 as shown below.

26. The owner/operator shall comply with the applicable requirements of 40 CFR Part 60 Subpart GG, excluding sections 60.334(a) and 60.334(c)(1). The sulfur content of the natural gas fuel shall be monitored in accordance with the following custom schedule approved by the USEPA on August 14, 1987:
  - a. The sulfur content shall be measured twice per month for the first six months of operation.
  - b. If the results of the testing required by Part 26a are below 0.2% sulfur by weight, the sulfur content shall be measured quarterly for the next year of operation.
  - c. If the results of the testing required by Part 26b are below 0.2% sulfur by weight, the sulfur shall be measured semi-annually for the remainder of the permit term.

d. The nitrogen content of the fuel gas shall not be monitored in accordance with the custom schedule. (Basis: NSPS)

As stated in the 8/14/87 Rasnic memo, the frequency of sulfur monitoring can be reduced "given at least six months of data demonstrating little variability in sulfur content and compliance with 40 CFR 60.333". The term "little variability" is not defined in the memo. The District has determined that the demonstration of consistent compliance with a fuel sulfur content limit of 0.2% is equivalent to the demonstration of "little variability", since it is unlikely that the fuel sulfur content will vary by 400% and exceed the 40 CFR 60.333 sulfur limit of 0.8%. Because the Gilroy Energy Center will burn exclusively natural gas, compliance with a sulfur content limit of 0.2% should be met easily.

The 8/14/87 Rasnic memo recommends that custom monitoring schedules for natural gas be no less stringent than the following: sulfur monitoring should be bimonthly (twice per month), followed by quarterly, then semiannually, given at least six months of data demonstrating little variability in sulfur content. The District has determined that the schedule given in Condition #19684, part 26b is necessary to demonstrate that there is little variability in the sulfur content of the natural gas.

After considering all comments and making appropriate revisions, the District has made a decision to issue this Major Facility Review Permit. Please note that the first monitoring report is due on December 31, 2003, and first compliance certification is due on June 30, 2004.

If you have any questions regarding this project, please call Dennis Jang at (415) 749-4707.

Sincerely yours,

William C. Norton  
Executive Officer/APCO

WCN:dtj

Attachment

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