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August 29, 2011

Barbara McBride
Los Esteros Critical Energy Facility, LLC
717 Texas Avenue, Suite 1000
Houston, TX 77002

Application Number 8859
Plant Number: 13289
Equipment Location:
800 Thomas Foon Chew Way
San Jose, CA 95134

Dear Ms. McBride:

SUBJECT: AUTHORITY TO CONSTRUCT RENEWAL

In accordance with Regulation 2-1-407, an Authority to Construct is valid for two years from the date of issuance and may be renewed for additional two-year terms. The Authority to Construct issued to you on August 22, 2007 for the following equipment:

- S-1 Combustion Gas Turbine #1 with Water Injection and high efficiency inlet air filter, General Electric LM6000PC Sprint, natural gas fired, 49.4 MW, 500 MM Btu/hr (HHV) maximum heat input rating; abated by A-9 Oxidation Catalyst and A-10 Selective Catalytic Reduction System
- S-2 Combustion Gas Turbine #2 with Water Injection and high efficiency inlet air filter, General Electric LM6000PC Sprint, natural gas fired, 49.4 MW, 500 MM Btu/hr (HHV) maximum heat input rating; abated by A-11 Oxidation Catalyst and A-12 Selective Catalytic Reduction System
- S-3 Combustion Gas Turbine #3 with Water Injection and high efficiency inlet air filter, General Electric LM6000PC Sprint, natural gas fired, 49.4 MW, 500 MM Btu/hr (HHV) maximum heat input rating; abated by A-13 Oxidation Catalyst and A-14 Selective Catalytic Reduction System
- S-4 Combustion Gas Turbine #4 with Water Injection and high efficiency inlet air filter, General Electric LM6000PC Sprint, natural gas fired, 49.4 MW, 500 MM Btu/hr (HHV) maximum heat input rating; abated by A-15 Oxidation Catalyst and A-16 Selective Catalytic Reduction System
- S-5 Fire Pump Diesel Engine, Clarke Model JW6H-UF40, 300 BHP, 14.5 gal/hr fuel consumption rate
- S-7 Heat Recovery Steam Generator #1, equipped with low-NOx Duct Burners, 139 MM Btu/hr (HHV) abated by A-9 Oxidation Catalyst, and A-10 Selective Catalytic Reduction System

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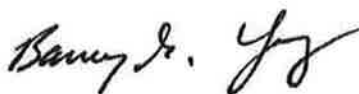
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- S-8 Heat Recovery Steam Generator #2, equipped with low-NOx Duct Burners, 139 MM Btu/hr (HHV) abated by A-11 Oxidation Catalyst, and A-12 Selective Catalytic Reduction System
- S-9 Heat Recovery Steam Generator #3, equipped with low-NOx Duct Burners, 139 MM Btu/hr (HHV) abated by A-13 Oxidation Catalyst, and A-14 Selective Catalytic Reduction System
- S-10 Heat Recovery Steam Generator #4, equipped with low-NOx Duct Burners, 139 MM Btu/hr (HHV) abated by A-15 Oxidation Catalyst, and A-16 Selective Catalytic Reduction System
- S-11 Six-Cell Cooling Tower, 73,000 gallons per minute with drift eliminator of 0.0005% removal efficiency

was renewed for two additional years upon a showing that the project complied with current BACT and offset requirements pursuant to District Regulations 2-2-301, 302, and 303, on February 16, 2011, with an expiration date of August 21, 2011. Construction has begun on the project and Calpine has demonstrated substantial use of the Authority to Construct, pursuant to District Regulation 2-1-407.3, with the purchase of equipment (HRSG, cooling tower, and condenser), an award of an Engineering, Procurement, and Construction contract, and construction beyond the grading and foundation stage. Calpine has also paid the requisite fees for the renewal. The Authority to Construct will be renewed for an additional two year term, and will now expire on August 21, 2013.

Please include your application number with any correspondence with the District. The District's regulations may be viewed online at www.baaqmd.gov. If you have any questions on this matter, please call Weyman Lee, Senior Air Quality Engineer, at (415) 749-4796.

Very truly yours,



Barry G. Young
Manager, Permit Evaluation Section
Engineering Division



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Definitions:

Clock Hour:	Any continuous 60-minute period beginning on the hour.
Calendar Day:	Any continuous 24-hour period beginning at 12:00 AM or 0000 hours.
Year:	Any consecutive twelve-month period of time
Heat Input:	All heat inputs refer to the heat input at the higher heating value (HHV) of the fuel, in BTU/scf.
Firing Hours:	Period of time, during which fuel is flowing to a unit, measured in fifteen-minute increments.
MM BTU:	million British thermal units
Gas Turbine Start-up Mode:	The lesser of the first 120 minutes of continuous fuel flow to the Gas Turbine after fuel flow is initiated or the period of time from Gas Turbine fuel flow initiation until the Gas Turbine achieves two consecutive CEM data points in compliance with the emission concentration limits of conditions 19(a) and 19(c) and is in compliance with the emission limits contained in 19(a) through 19(d).
Gas Turbine Shutdown Mode:	The lesser of the 30 minute period immediately prior to the termination of fuel flow to the Gas Turbine or the period of time from non-compliance with any requirement listed in Conditions 19(a) through 19(d) until termination of fuel flow to the Gas Turbine
Corrected Concentration:	The concentration of any pollutant (generally NO _x , CO or NH ₃) corrected to a standard stack gas oxygen concentration. For a Gas Turbine emission point, the standard stack gas oxygen concentration is 15% O ₂ by volume on a dry basis
Commissioning Activities:	All testing, adjustment, tuning, and calibration activities recommended by the equipment manufacturers and the construction contractor to insure safe and reliable steady state operation of the gas turbines, heat recovery steam generators, steam turbine, and associated electrical delivery systems.
Commissioning Period:	The Period shall commence when all mechanical, electrical, and control systems are installed and individual system start-up has been completed, or when a gas turbine is first fired following the installation of the duct burners and associated equipment, whichever occurs first. The period shall terminate when the plant has completed performance testing, is available for commercial operation, and has initiated sales of power to the grid. The Commissioning Period shall not exceed 180 days under any circumstances.
Alternate Calculation:	A District approved calculation used to calculate mass emission data during a period when the CEM or other monitoring system is not capable of calculating mass emissions.
Precursor Organic	



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Compounds (POCs): Any compound of carbon, excluding methane, ethane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, and ammonium carbonate

Equipment Description:

This Authority to Construct is issued and is valid for this equipment only while it is in the configuration set forth in the following description:

Four Combined-Cycle Gas Turbine Generator Power Trains consisting of:

1. Combined-Cycle Gas Turbine, General Electric LM6000PC, Maximum Heat Input 500 MMBTU/hr (HHV), 49.4 MW, Natural Gas-Fired
2. Heat Recovery Steam Generator, equipped with low-NOx duct burners, 139 MM BTU/hour, natural gas fired
3. Selective Catalytic Reduction (SCR) NOx Control System.
4. Ammonia Injection System.
(including the ammonia storage tank and control system)
5. Oxidation Catalyst (OC) System.
6. Continuous emission monitoring system (CEMS) designed to continuously record the measured gaseous concentrations, and calculate and continuously monitor and record the NOx and CO concentrations in ppmvd corrected to 15% oxygen on a dry basis. The CEM shall also calculate, using District approved methods, and log any mass limits required by these conditions.



Permit Conditions:

1. The owner/operator of the Los Esteros Critical Energy Facility shall minimize the emissions of carbon monoxide and nitrogen oxides from S-1, S-2, S-3 and S-4 Gas Turbines and S-7, S-8, S-9, and S-10 Heat Recovery Steam Generators to the maximum extent possible during the commissioning period. Parts 1 through 11 shall only apply during the commissioning period as defined above. Unless noted, parts 12 through 47 shall only apply after the commissioning period has ended. (basis: cumulative increase)
2. At the earliest feasible opportunity in accordance with the recommendations of the equipment manufacturers and the construction contractor, the owner/operator shall tune the S-1, S-2, S-3 and S-4 Gas Turbine combustors to minimize the emissions of carbon monoxide and nitrogen oxides. (basis: cumulative increase)
3. At the earliest feasible opportunity and in accordance with the recommendations of the equipment manufacturers and the construction contractor, the project owner shall install, adjust and operate the SCR Systems (A-10, A-12, A-14 & A-16) and OC Systems (A-9, A-11, A-13 & A-15) to minimize the emissions of nitrogen oxides and carbon monoxide from S-1, S-2, S-3 and S-4 Gas Turbines and S-7, S-8, S-9, and S-10 Heat Recovery Steam Generators. (basis: cumulative increase)
4. Coincident with the steady-state operation of SCR Systems (A-10, A-12, A-14 & A-16) and OC Systems (A-9, A-11, A-13 & A-15) pursuant to part 3, the project owner shall operate the facility in such a manner that the Gas Turbines (S-1, S-2, S-3 and S-4) comply with the NOx and CO emission limitations specified in parts 19a and 19c. (basis: BACT, offsets)
5. The owner/operator of the Los Esteros Critical Energy Facility shall submit a plan to the District Permit Services Division at least two weeks prior to first firing of S-1, S-2, S-3 & S-4 Gas Turbines and/or S-7, S-8, S-9, & S-10 HRSGs describing the procedures to be followed during the commissioning of the turbines in the combined-cycle configuration. The plan shall include a description of each commissioning activity, the anticipated duration of each activity in hours, and the purpose of the activity. The activities described shall include, but not be limited to, the tuning of the water injection, the installation and operation of the required emission control systems, the installation, calibration, and testing of the CO and NOx continuous emission monitors, and any activities requiring the firing of the Gas Turbines (S-1, S-2, S-3 and S-4) without abatement by their respective SCR Systems. The Gas Turbines (S-1, S-2, S-3 and S-4) shall be fired in combined cycle mode no sooner than fourteen days after the District receives the commissioning plan. (basis: cumulative increase)
6. During the commissioning period, the project owner of the Los Esteros Critical Energy Facility shall demonstrate compliance with parts 8 through 10 through the use of properly operated and maintained continuous emission monitors and data recorders for the following parameters:
 - a. firing hours
 - b. fuel flow rates
 - c. stack gas nitrogen oxide emission concentrations,
 - d. stack gas carbon monoxide emission concentrations



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e. stack gas oxygen concentrations.

The monitored parameters shall be recorded at least once every 15 minutes (excluding normal calibration periods or when the monitored source is not in operation) for the S-1, S-2, S-3 and S-4 Gas Turbines and S-7, S-8, S-9, and S-10 Heat Recovery Steam Generators. The owner/operator shall use District-approved methods to calculate heat input rates, nitrogen dioxide mass emission rates, carbon monoxide mass emission rates, and NO_x and CO emission concentrations, summarized for each clock hour and each calendar day. All records shall be retained on site for at least 5 years from the date of entry and made available to District personnel upon request. If necessary to ensure that accurate data is collected at all times, the owner/operator shall install dual span emission monitors. (basis: cumulative increase)

7. The project owner shall install, calibrate and make operational the District-approved continuous monitors specified in part 6 prior to first firing of each turbine (S-1, S-2, S-3 and S-4 Gas Turbines) and HRSG (S-7, S-8, S-9, and S-10 Heat Recovery Steam Generators). After first firing of the turbine, the project owner shall adjust the detection range of these continuous emission monitors as necessary to accurately measure the resulting range of CO and NO_x emission concentrations. The type, specifications, and location of these monitors shall be subject to District review and approval. If necessary to ensure accurate data is collected at all times, the owner/operator shall install dual-span monitors. (basis: BAAQMD 9-9-501, BACT, offsets)
8. The project owner shall not operate the facility such that the number of firing hours of S-1, S-2, S-3 and S-4 Gas Turbines and/or S-7, S-8, S-9, and S-10 Heat Recovery Steam Generators without abatement by SCR or OC Systems exceed 250 hours for each power train during the commissioning period. Such operation of the S-1, S-2, S-3 and S-4 Gas Turbines without abatement shall be limited to discrete commissioning activities that can only be properly executed without the SCR or OC system in place. Upon completion of these activities, the project owner shall provide written notice to the District Permit Services and Enforcement Divisions and the unused balance of the 250 firing hours without abatement shall expire. (basis: offsets)
9. The total mass emissions of nitrogen oxides, carbon monoxide, precursor organic compounds, PM₁₀, and sulfur dioxide that are emitted by the S-1, S-2, S-3 and S-4 Gas Turbines and S-7, S-8, S-9, and S-10 Heat Recovery Steam Generators during the commissioning period shall accrue towards the consecutive twelve-month emission limitations specified in part 22. (basis: offsets)
10. The project owner shall not operate the facility such that the pollutant mass emissions from each turbine (S-1, S-2, S-3 and S-4 Gas Turbines) and corresponding HRSG (S-7, S-8, S-9, and S-10 Heat Recovery Steam Generators) exceed the following limits during the commissioning period. These emission limits shall include emissions resulting from the start-up and shutdown of the S-1, S-2, S-3 and S-4 Gas Turbines.

	<u>Without Controls</u>		<u>With Controls</u>	
a. NO _x (as NO ₂)	1464 lb/day	102 lb/hr	1464 lb/day	61 lb/hr
b. CO	1056 lb/day	88 lb/hr	984 lb/day	41 lb/hr



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c. POC (as CH₄) 288 lb/day 114 lb/day
(basis: cumulative increase)

11. Within sixty (60) days of startup, the owner/operator shall conduct a District approved source test using external continuous emission monitors to determine compliance with part 10. The source test shall determine NO_x, CO, and POC emissions during start-up and shutdown of the gas turbines. The POC emissions shall be analyzed for methane and ethane to account for the presence of unburned natural gas. The source test shall include a minimum of three start-up and three shutdown periods. Thirty (30) days before the execution of the source tests, the owner/operator shall submit to the District a detailed source test plan designed to satisfy the requirements of this part. The owner/operator shall be notified of any necessary modifications to the plan within 20 working days of receipt of the plan; otherwise, the plan shall be deemed approved. The Owner/Operator shall incorporate the District comments into the test plan. The owner/operator shall notify the District within ten (10) days prior to the planned source testing date. Source test results shall be submitted to the District within 60 days of the source testing date. These results can be used to satisfy applicable source testing requirements in Part 26 below. (basis: offsets)

Conditions for Operation:

12. Consistency with Analyses: Operation of this equipment shall be conducted in accordance with all information submitted with the application (and supplements thereof) and the analyses under which this permit is issued unless otherwise noted below. (Basis: BAAQMD 2-1-403)
13. Conflicts Between Conditions: In the event that any part herein is determined to be in conflict with any other part contained herein, then, if principles of law do not provide to the contrary, the part most protective of air quality and public health and safety shall prevail to the extent feasible. (Basis: BAAQMD 1-102)
14. Reimbursement of Costs: All reasonable expenses, as set forth in the District's rules or regulations, incurred by the District for all activities that follow the issuance of this permit, including but not limited to permit condition implementation, compliance verification and emergency response, directly and necessarily related to enforcement of the permit shall be reimbursed by the owner/operator as required by the District's rules or regulations. (Basis: BAAQMD 2-1-303)
15. Access to Records and Facilities: As to any part that requires for its effective enforcement the inspection of records or facilities by representatives of the District, the Air Resources Board (ARB), the U.S. Environmental Protection Agency (U.S. EPA), or the California Energy Commission (CEC), the owner/operator shall make such records available or provide access to such facilities upon notice from representatives of the District, ARB, U.S. EPA, or CEC. Access shall mean access consistent with California Health and Safety Code Section 41510 and Clean Air Act Section 114A. (Basis: BAAQMD 1-440, 1-441)



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16. Notification of Commencement of Operation: The owner/operator shall notify the District of the date of anticipated commencement of turbine operation not less than 10 days prior to such date. Temporary operations under this permit are granted consistent with the District's rules and regulations. (Basis: BAAQMD 2-1-302)
17. Operations: The owner/operator shall insure that the gas turbines, HRSGs, emissions controls, CEMS, and associated equipment are properly maintained and kept in good operating condition at all times. (Basis: BAAQMD 2-1-307)
18. Visible Emissions: The project owner shall insure that no air contaminant is discharged from the LECEF into the atmosphere for a period or periods aggregating more than three minutes in any one hour, which is as dark or darker than Ringelmann 1 or equivalent 20% opacity. (Basis: BAAQMD 6-1-301; SIP 6-301)
19. Emissions Limits: The project owner shall operate the facility such that none of the following limits are exceeded:
 - a. The emissions of oxides of nitrogen (as NO_2) from emission points P-1, P-2, P-3, and P-4 (combined exhaust of gas turbine/HRSG power trains S-1 & S-7, S-2 & S-8, S-3 & S-9, and S-4 & S-10, respectively) each shall not exceed 2.0 ppmvd @ 15% O_2 (1-hour rolling average), except during periods of gas turbine startup and shutdown as defined in this permit; and shall not exceed 4.68 lb/hour (1-hour rolling average) except during periods of gas turbine startup as defined in this permit. The NO_x emission concentration shall be verified by a District-approved continuous emission monitoring system (CEMS) and during any required source test. (basis: BACT)
 - b. Emissions of ammonia from emission points P-1, P-2, P-3, and P-4 (combined exhaust of gas turbine/HRSG power trains S-1 & S-7, S-2 & S-8, S-3 & S-9, and S-4 & S-10, respectively) each shall not exceed 5 ppmvd @ 15% O_2 (3-hour rolling average), except during periods of start-up or shutdown as defined in this permit. The ammonia emission concentration shall be verified by the continuous recording of the ratio of the ammonia injection rate to the NO_x inlet rate into the SCR control system (molar ratio). The maximum allowable NH_3/NO_x molar ratio shall be determined during any required source test, and shall not be exceeded until reestablished through another valid source test. (basis: Regulation 2-5)
 - c. Emissions of carbon monoxide (CO) from emission points P-1, P-2, P-3, and P-4 (combined exhaust of gas turbine/HRSG power trains S-1 & S-7, S-2 & S-8, S-3 & S-9, and S-4 & S-10, respectively) each shall not exceed 2.0 ppmvd @ 15 % O_2 (1-hour rolling average), except during periods of start-up or shutdown as defined in this permit; and shall not exceed 2.85 lb/hr (1-hour rolling average) except during periods of start-up as defined in this permit. The CO emission concentration shall be verified by a District-approved CEMS and during any required source test. (basis: BACT)
 - d. Emissions of precursor organic compounds (POC) from emission points P-1, P-2, P-3, and P-4 (combined exhaust of gas turbine/HRSG power trains S-1 & S-7, S-2 & S-8, S-3 & S-9, and S-4 & S-10, respectively) each shall not exceed 1 ppmvd @ 15% O_2 (1-hour rolling



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average), except during periods of gas turbine start-up or shutdown as defined in this permit; and shall not exceed 0.81 lb/hr (1-hour rolling average) except during periods of start-up as defined in this permit. The POC emission concentration shall be verified during any required source test. (basis: BACT)

20. **Turbine Start-up:** The project owner shall ensure that the regulated air pollutant mass emission rates from each of the Gas Turbines (S-1 & S-3) during a start-up do not exceed the limits established below. (Basis: BACT, Cumulative increase)

	Duration (Minutes)	NOx (lb/Event)	CO (lb/event)	POC (lb/event)
Start-Up	120	41	20	2

21. **Turbine Shutdown:** The project owner shall operate the gas turbines so that the duration of a shutdown does not exceed 30 minutes per event, or other time period based on good engineering practice that has been approved in advance by the BAAQMD. Shutdown begins with the initiation of the turbine shutdown sequence and ends with the cessation of turbine firing. (Basis: Cumulative increase)
22. **Mass Emission Limits:** The project owner shall operate the LECEF so that the mass emissions from the S-1, S-2, S-3 & S-4 Gas Turbines and S-7, S-8, S-9, & S-10 HRSGs do not exceed the daily and annual mass emission limits specified below. The project owner shall implement process computer data logging that includes running emission totals to demonstrate compliance with these limits so that no further calculations are required.

Mass Emission Limits (Including Gas Turbine Start-ups and Shutdowns)

Pollutant	Each Turbine/HRSG Power Train (lb/day)	All 4 Turbine/HRSG Power Trains (lb/day)	All 4 Turbine/HRSG Power Trains (ton/yr)
NOx (as NO ₂)	175.6	702.4	94.1
POC	20.2	80.8	12.3
CO	97.0	388.0	53.4
SOx (as SO ₂)			6.43
PM ₁₀			38.5
NH ₃	104	416	56.9

The daily mass limits are based upon calendar day per the definitions section of the permit conditions. Compliance with the daily limits shall be based on calendar average one-hour readings through the use of process monitors (e.g., fuel use meters), CEMS, source test results, and the monitoring, recordkeeping and reporting conditions of this permit. If any part of the CEM involved in the mass emission calculations is inoperative for more than three consecutive hours of plant operation, the mass data for the period of inoperation shall be calculated using a District-approved alternate calculation method. The annual mass limits



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are based upon a rolling 8,760-hour period ending on the last hour. Compliance with the annual limits for NO_x, POC, and SO_x shall be demonstrated in the same manner as for the daily limits. Compliance with the annual emissions limits for PM₁₀ and SO₂ from each gas turbine shall be calculated by multiplying turbine fuel usage times an emission factor determined by source testing of the turbine conducted in accordance with Part 26. The emission factor for each turbine shall be based on the average of the emissions rates observed during the 4 most recent source tests on that turbine (or, prior to the completion of 4 source tests on a turbine, on the average of the emission rates observed during all source tests on the turbine). (Basis: cumulative increase, recordkeeping)

23. Sulfuric Acid Mist Limit: The project owner shall operate the LECEF so that the sulfuric acid mist emissions (SAM) from S-1, S-2, S-3, S-4, S-7, S-8, S-9, and S-10 combined do not exceed 7 tons totaled over any consecutive four quarters. (Basis: Regulation 2-2-306)
24. Operational Limits: In order to comply with the mass emission limits of this rule, the project owner shall operate the gas turbines and HRSGs so that they comply with the following operational limits:
- a. Heat input limits (Higher Heating Value):

	Each Gas Turbine w/o Duct Burner	Each Gas Turbine w/Duct Burner
Hourly:	500 MM BTU/hr	639 MM BTU/hr
Daily:	12,000 MM BTU/day	15,336 MM BTU/day
Four Turbine/HRSG Power Trains combined:		18,215,000 MM BTU/year

- b. Only PUC-Quality natural gas (General Order 58-a) shall be used to fire the gas turbines and HRSGs. The total sulfur content of the natural gas shall not exceed 1.0 gr/100 scf. To demonstrate compliance with this sulfur content limit, the owner/operator shall sample and analyze the gas from each supply source at least monthly to determine the sulfur content of the gas, in addition to any monitoring requirements specified in Paragraph 29. (Basis: BACT for SO₂ and PM₁₀.)
- c. The project owner of the gas turbines and HRSGs shall demonstrate compliance with the daily and annual NO_x and CO emission limits listed in part 22 by maintaining running mass emission totals based on CEM data. (Basis: Cumulative increase)



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25. Monitoring Requirements: The owner/operator shall ensure that each gas turbine/HRSG power train complies with the following monitoring requirements:
- a. The gas turbine/HRSG exhaust stack shall be equipped with permanent fixtures to enable the collection of stack gas samples consistent with EPA test methods.
 - b. The ammonia injection system shall be equipped with an operational ammonia flow meter and injection pressure indicator accurate to plus or minus five percent at full scale and shall be calibrated at least once every twelve months.
 - c. The gas turbine/HRSG exhaust stacks shall be equipped with continuously recording emissions monitor(s) for NO_x, CO and O₂. Continuous emissions monitors shall comply with the requirements of 40 CFR Part 60, Appendices B and F, and 40 CFR Part 75, and shall be capable of monitoring concentrations and mass emissions during normal operating conditions and during gas turbine startups and shutdowns.
 - d. The fuel heat input rate shall be continuously recorded using District-approved fuel flow meters along with quarterly fuel compositional analyses for the fuel's higher heating value (wet basis).
26. Source Testing/RATA: Within ninety (90) days of the startup of the gas turbines and HRSGs, and at a minimum on an annual basis thereafter, the owner/operator shall perform a relative accuracy test audit (RATA) on the CEMS in accordance with 40 CFR Part 60 Appendix B Performance Specifications and a source test shall be performed. Additional source testing may be required at the discretion of the District to address or ascertain compliance with the requirements of this permit. The written test results of the source tests shall be provided to the District within thirty days after testing. A complete test protocol shall be submitted to the District no later than 30 days prior to testing, and notification to the District at least ten days prior to the actual date of testing shall be provided so that a District observer may be present. The source test protocol shall comply with the following: measurements of NO_x, CO, POC, and stack gas oxygen content shall be conducted in accordance with ARB Test Method 100; measurements of PM₁₀ shall be conducted in accordance with ARB Test Method 5; and measurements of ammonia shall be conducted in accordance with Bay Area Air Quality Management District test method ST-1B. Alternative test methods, and source testing scope, may also be used to address the source testing requirements of the permit if approved in advance by the District. The initial and annual source tests shall include those parameters specified in the approved test protocol, and shall at a minimum include the following:
- a. NO_x – ppmvd at 15% O₂ and lb/MM BTU (as NO₂)
 - b. Ammonia – ppmvd at 15% O₂ (Exhaust)
 - c. CO – ppmvd at 15% O₂ and lb/MM BTU (Exhaust)
 - d. POC – ppmvd at 15% O₂ and lb/MM BTU (Exhaust)
 - e. PM₁₀ – lb/hr (Exhaust)
 - f. SO_x – lb/hr (Exhaust)



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- g. Natural gas consumption, fuel High Heating Value (HHV), and total fuel sulfur content
 - h. Turbine load in megawatts
 - i. Stack gas flow rate (DSCFM) calculated according to procedures in U.S. EPA Method 19
 - j. Exhaust gas temperature (°F)
 - k. Ammonia injection rate (lb/hr or moles/hr)
 - l. Water injection rate for each turbine at S-1, S-2, S-3, & S-4
(Basis: source test requirements & monitoring)
27. Within 60 days of start-up of the LECEF in combined-cycle configuration and on a semi-annual basis thereafter, the project owner shall conduct a District approved source test on exhaust points P-1, P-2, P-3, and P-4 while each Gas Turbine/HRSG power train is operating at maximum load to demonstrate compliance with the SAM emission limit specified in part 23. The project owner shall test for (as a minimum) SO₂, SO₃ and SAM. After acquiring one year of source test data on these units, the project owner may petition the District to switch to annual source testing if test variability is acceptably low as determined by the District. (Basis: Regulation 2-2-306, SAM Periodic Monitoring)
28. The owner/operator shall prepare a written quality assurance program must be established in accordance with 40 CFR Part 75, Appendix B and 40 CFR Part 60, Appendix F. (Basis: continuous emission monitoring)
29. deleted
30. The owner/operator shall notify the District of any breakdown condition consistent with the District's breakdown regulations. (Basis: Regulation 1-208)
31. The owner/operator shall notify the District in writing in a timeframe consistent with the District's breakdown regulations following the correction of any breakdown condition. The breakdown condition shall include a description of the equipment malfunction or failure, the date and cause of the initial failure, the estimated emissions in excess of those allowed, and the actions taken to restore normal operations. (Basis: Regulation 1-208)
32. Recordkeeping: The owner/operator shall maintain the following records. The format of the records is subject to District review and approval:
- a. hourly, daily, quarterly and annual quantity of fuel used and corresponding heat input rates
 - b. the date and time of each occurrence, duration, and type of any startup, shutdown, or malfunction along with the resulting mass emissions during such time period
 - c. emission measurements from all source testing, RATAs and fuel analyses
 - d. daily, quarterly and annual hours of operation
 - e. hourly records of NO_x and CO emission concentrations and hourly ammonia injection rates and ammonia/NO_x ratio
 - f. for the continuous emissions monitoring system; performance testing, evaluations, calibrations, checks, maintenance, adjustments, and any period of non-operation of any continuous emissions monitor
- (Basis: record keeping)



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33. The owner/operator shall maintain all records required by this permit for a minimum period of five years from the date of entry and shall make such records readily available for District inspection upon request. (Basis: record keeping)
34. **Reporting:** The owner/operator shall submit to the District a written report for each calendar quarter, within 30 days of the end of the quarter, which shall include all of the following items:
- Daily and quarterly fuel use and corresponding heat input rates
 - Daily and quarterly mass emission rates for all criteria pollutants during normal operations and during other periods (startup/shutdown, breakdowns)
 - Time intervals, date, and magnitude of excess emissions
 - Nature and cause of the excess emission, and corrective actions taken
 - Time and date of each period during which the CEM was inoperative, including zero and span checks, and the nature of system repairs and adjustments
 - A negative declaration when no excess emissions occurred
 - Results of quarterly fuel analyses for HHV and total sulfur content.
- (Basis: recordkeeping & reporting)
35. **Emission Offsets:** The project owner shall provide 23.35 tons of valid NO_x emission reduction credits prior to the issuance of the Authority to Construct. The project owner shall deliver the ERC certificates to the District Engineering Division at least ten days prior to the issuance of the authority to construct. (Basis: Offsets)
36. **District Operating Permit:** The owner/operator shall apply for and obtain all required operating permits from the District in accordance with the requirements of the District's rules and regulations. (Basis: Regulations 2-2 & 2-6)
37. Deleted
38. Deleted June 22, 2004.
39. The project owner shall not operate S-5 Fire Pump Diesel Engine more than 50 hours per year for reliability-related activities. (Basis: "Stationary Diesel Engine ATCM" section 93115, title 17, CA Code of Regulations, subsection (e)(2)(A)(3) or (e)(2)(B)(3), offsets).
40. The project owner shall operate S-5 Fire Pump Diesel Engine only for the following purposes: to mitigate emergency conditions, for emission testing to demonstrate compliance with a District, state or Federal emission limit, or for reliability-related activities (maintenance and other testing, but excluding emission testing). Operating hours while mitigating emergency conditions or while emission testing to show compliance with District, state or Federal emission limits is not limited. (Basis: "Stationary Diesel Engine ATCM" section 93115, title 17, CA Code of Regulations, subsection 9e)(2)(A)(3) or (e)(2)(B)(3)).
41. The project owner shall operate S-5 Fire Pump Diesel Engine only when a non-resettable totalizing meter (with a minimum display capability of 9,999 hours) that measures the hours



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of operation for the engine is installed, operated and properly maintained. (Basis: "Stationary Diesel Engine ATCM" section 93115, title 17, CA Code of Regulations, subsection (e)(4)(G)(1), cumulative increase).

42. Records: The project owner shall maintain the following monthly records in a District-approved log for at least 60 months from the date of entry. Log entries shall be retained on-site, either at a central location or at the engine's location, and made immediately available to the District staff upon request.
- a. Hours of operation for reliability-related activities (maintenance and testing).
 - b. Hours of operation for emission testing to show compliance with emission limits.
 - c. Hours of operation (emergency).
 - d. For each emergency, the nature of the emergency condition.
 - e. Fuel usage for each engine(s). (Basis: "Stationary Diesel Engine ATCM" section 93115, title 17, CA Code of Regulations, subsection (e)(4)(I), cumulative increase)

43. The project owner shall operate the facility such that maximum calculated annual toxic air contaminant emissions (pursuant to part 45) from the gas turbines and HRSGs combined (S-1, S-2, S-3, S-4, S-7, S-8, S-9, and S-10) do not exceed the following limits:

6490 pounds of formaldehyde per year

3000 pounds of acetaldehyde per year

3.2 pounds of Specified polycyclic aromatic hydrocarbons (PAHs) per year

65.3 pounds of acrolein per year

unless the following requirement is satisfied:

The project owner shall perform a health risk assessment using the emission rates determined by source test and the most current Bay Area Air Quality Management District approved procedures and unit risk factors in effect at the time of the analysis. This analysis shall be submitted to the District and the CEC CPM within 60 days of the source test date. The project owner may request that the District and CEC CPM revise the carcinogenic compound emission limits specified above. If the project owner demonstrates to the satisfaction of the APCO that these revised emission limits will result in a cancer risk of not more than 1.0 in one million, the District and CEC CPM may, at their discretion, adjust the carcinogenic compound emission limits listed above. (Basis: Regulation 2-5)

44. To demonstrate compliance with Part 43 the project owner shall calculate and record on an annual basis the maximum projected annual emissions for the compounds specified in part 43 using the maximum heat input of 18,215,000 MM BTU/year and the highest emission factor (pound of pollutant per MM BTU) determined by any source test of the S-1, S-2, S-3 & S-4 Gas Turbines and S-7, S-8, S-9, and S-10 HRSGs. If this calculation method results in an unrealistic mass emission rate the applicant may use an alternate calculation, subject to District approval. (Basis: Regulation 2-5)
45. Within 60 days of start-up of the Los Esteros Critical Energy Facility and on a biennial (once every two years) thereafter, the project owner shall conduct a District-approved source test at exhaust point P-1, P-2, P-3, or P-4 while the Gas Turbines are at maximum allowable operating rates to demonstrate compliance with Part 44. If three consecutive biennial source tests demonstrate that the annual emission rates for any of the compounds listed above



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calculated pursuant to part 45 are less than the BAAQMD Toxic Risk Management Policy trigger levels shown below, then the project owner may discontinue future testing for that pollutant.

Formaldehyde < 132 lb/yr

Acetaldehyde < 288 lb/yr

Specified PAHs < 0.18 lb/yr

Acrolein < 15.6 lb/yr

(Basis: BAAQMD 2-1-316, Regulation 2-5)

46. The project owner shall properly install and maintain the cooling towers to minimize drift losses. The owner/operator shall equip the cooling towers with high-efficiency mist eliminators with a maximum guaranteed drift rate of 0.0005%. The maximum total dissolved solids (TDS) measured at the base of the cooling towers or at the point of return to the wastewater facility shall not be higher than 6,000 ppmw (mg/l). The project owner shall sample and test the cooling tower water at least once per day to verify compliance with this TDS limit. (Basis: cumulative increase; Regulation 2-1-319)
47. The owner/operator shall perform a visual inspection of the cooling tower drift eliminators at least once per calendar year, and repair or replace any drift eliminator components which are broken or missing. Prior to the initial operation of the combined-cycle Los Esteros Critical Energy Facility, the owner/operator shall have the cooling tower vendor's field representative inspect the cooling tower drift eliminators and certify that the installation was performed in accordance with the manufacturer's design and specifications. Within 60 days of the initial operation of the cooling tower, the owner/operator shall perform an initial performance source test to determine the PM₁₀ emission rate from the cooling tower to verify compliance with the vendor-guaranteed drift rate specified in part 46. The CPM may, in years 5 and 15 of cooling tower operation, require the owner/operator to perform source tests to verify continued compliance with the vendor-guaranteed drift rate specified in part 46. (Basis: cumulative increase; Regulation 2-1-319)

End of Conditions