South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

July 29, 2008

Mr. Steve Sciortino
Canyon Power Plant (153992)
201 S. Anaheim Blvd., Suite 802
Anaheim, CA 92805

DOCKET
07-AFC-9
DATE JUL 29 2008
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Dear Mr. Sciortino:

On May 16, 2008, the U.S. Environmental Protection Agency (EPA) released their final NSR rule for PM2.5 and published it in the Federal Register. The effective date of the Final NSR Rule for PM2.5 is July 15, 2008. The Final Rule specifies that for areas which are non-attainment for PM2.5 NAAQS, the state and local agencies must adopt and submit non-attainment NSR rules to implement the PM2.5 requirements for EPA's approval into the State Implementation Plan no later than July 11, 2011. However, in PM2.5 non-attainment areas such as the South Coast Air Basin, the permitting agencies must implement the requirements of NSR for PM2.5 through Appendix S which is the rule used for NSR implementation in non-attainment areas.

This letter is to inform you that as of July 15, 2008, all South Coast Air Quality Management District (AQMD) permit applications for facilities with PM2.5 emissions must be evaluated for compliance with PM2.5 requirements that are included in Appendix S to Part 51 of Title 40 of the Code of Federal Regulations. As you may know, PM2.5 refers to particulate matter with an aerodynamic diameter of less than 2.5 microns and Appendix S refers to the EPA's "Emission Offset Interpretive Ruling" for New Source Review.

Some of the NSR provisions in Appendix S include the major source PM2.5 threshold (100 tons per year), significant PM2.5 emissions rate (10 tons per year), offset ratios for PM2.5 (1:1), interpollutant trading for offsets and applicability of PM2.5 precursors. All AQMD applications currently under review for PM2.5 sources must comply with Appendix S PM2.5 requirements. Please note that the requirements of Appendix S will not apply to facilities if the facility emissions, including existing equipment and equipment currently proposed, will result in a potential to emit of less than 100 tons of PM2.5 per year. You must therefore either demonstrate compliance with Appendix S or that your facility's potential to emit will not exceed 100 tons per year after installation of the proposed equipment.

As this information is critical to the processing of your applications, please provide the AQMD additional information documenting either compliance with Appendix S requirements or that it is not applicable to your facility as soon as possible. Please submit this information directly to Mr. Vicky Lee, AQ Engineer, along with a copy to Mr. Mike Mills within the next 30 days.

Any comments or questions regarding your applications should be directed to Mr. Mike Mills, Senior Air Quality Engineering Manager at (909) 396-2578 or Mr. John Yee, Senior Engineer at (909) 396-2531.

Very truly yours,

Mohsen Nazemi, P.E.
Deputy Executive Officer
Engineering and Compliance

MN:MM:JTY:sr
Attachment
cc: Kurt Wiese, Barbara Baird, Vicky Lee, of AQMD
Che McFarlin, CEC