

CALIFORNIA ENERGY COMMISSION1516 NINTH STREET
SACRAMENTO, CA 95814-5512

DATE: June 23, 2008

TO: Interested Parties

FROM: Donna Stone, Compliance Project Manager

SUBJECT: EAST ALTAMONT ENERGY CENTER (01-AFC-4C)
Staff Analysis of the Requested Three-Year Extension of the Start of Construction Deadline

On May 16, 2008, East Altamont Energy Center, LLC filed a petition with the California Energy Commission to amend the Energy Commission Decision for the East Altamont Energy Center Project by allowing a three-year extension to the deadline for starting construction. Staff analyzed this proposal, a copy of their analysis is enclosed for your information. Additionally, public comment received on the amendment petition is attached as Appendix A, Public Comments and Response to Comments.

The East Altamont Energy Center project is a 1,100 MW natural gas-fired combined cycle power plant to be developed in the unincorporated portion of Alameda County, California. The project was certified by the Energy Commission on August 20, 2003.

The proposed extension will allow East Altamont Energy Center, LLC to continue to market the anticipated power output of the project and enter into a long-term power purchase agreement for a significant portion of the output of the facility. The project owner intends to participate in the most recent Pacific Gas and Electric Company (PG&E) 2008 All Source Long-Term Request for Offers Solicitation. PG&E is seeking to procure 800-1200 MW of new resources, with a preference to obtain new dispatchable, operationally flexible resources with on-line dates no later than May 2015. The project owner believes that they are uniquely qualified to meet the terms of PG&E's current solicitation and to meet the growing power needs of municipal utilities in the region.

Energy Commission staff reviewed the petition and assessed the impacts of this proposal on environmental quality, public health and safety, and believes that at least four areas will need additional attention prior to the start of construction. They are: Air Quality, Hazardous Materials Management, Soil and Water, and Transmission System Engineering. More specifically, the issues in these technical areas that will need to be revisited prior to the start of construction or sale of the permit are:

Air Quality

- The project owner will need a current Bay Area Air Quality Management District Authority to Construct. Their permit is no longer valid.

- The project owner will need to contact both Bay Area and San Joaquin Valley air districts to ensure that the current permits can be renewed, any new requirements can be met, and that the mitigation packages with both districts are still acceptable.
 - Mitigation fees to be paid to the San Joaquin Valley Unified Air Pollution Control District (SJUAPCD) may need to be renegotiated as the costs to fund control measures to reduce existing NO_x emissions have increased significantly since 2003.
 - If emission reduction sources identified for voluntary control with the \$1,002,480 mitigation fee are no longer available, other control measures will be needed, which could raise the mitigation costs.
- The project owner will have to provide discussions, analyses, and mitigation for the project's NO₂ emissions and impacts, PM10/PM2.5 direct and secondary emissions impacts.

Hazardous Materials Management

- There has been growth in the population in the project vicinity since the project was certified. If such growth has changed the proximity of the project it is possible that the potential public risk has increased. Therefore, staff will re-evaluate the potential for impacts associated with the Commission Decision's conditions of certification regarding anhydrous ammonia use. Staff will propose additional mitigations and/or conditions of certification to protect public health if necessary.

Soil and Water

- The economic analysis of the Decision's requirement for use of recycled water will need revisiting.
- The project owner will need to provide a technical memorandum describing the current availability and reliability of recycled water, potential competing needs, and a will serve letter confirming and committing to the future delivery of recycled water.

Transmission System Engineering

- The Detailed Interconnection Facility Study may not be valid for the new construction and operation date. However, Condition of Certification TSE -1.8 requires the project owner to submit any new or updated studies as well as provide a description of required facility upgrades or operating procedures identified in the studies.

The Project Owner will comply with and Energy Commission staff will ensure compliance with all conditions of certification as originally licensed. Should the Project Owner wish any modifications to the project or changes in the conditions of certification, or should any external circumstances require changes to the conditions of certification, the Project Owner will file a petition to amend the license prior to the commencement of

construction. Implementation of the above measures will ensure the project remains in compliance with applicable laws, ordinances, regulations, and standards. and that the proposed extension to the start of construction deadline will not result in a significant adverse direct or cumulative impact to the environment (Title 20, California Code of Regulations, Section 1769).

The amendment petition and staff's analysis has been posted on the Energy Commission's webpage at <http://www.energy.ca.gov/sitingcases/eastaltamont/compliance/index.html>. The Energy Commission's Order (if approved) will also be posted on the webpage. Energy Commission staff intends to recommend approval of the petition at the August 13, 2008, Business Meeting of the Energy Commission. If you have comments on this proposed extension to the start of construction date, please submit them to me at the address below prior to July 11, 2008.

Donna Stone, Compliance Project Manager
California Energy Commission
1516 9th Street, MS-2000
Sacramento, CA 95814

Comments may be submitted by fax to (916) 654-3882, or by e-mail to dstone@energy.state.ca.us. If you have any questions, please contact me at (916) 654-4745.

Enclosures

EAST ALTAMONT ENERGY CENTER (01-AFC-4C)

Request to Extend the Project's Start of Construction Date

Staff Analysis of Air Quality

Tuan Ngo, P.E.

On May 16, 2008, the East Altamont Energy Center, LLC (project owner) filed a petition for a three (3) year extension of the commencement of construction deadline for the East Altamont Energy Center (EAEC) to August 19, 2011.

LAWS, ORDINANCES, REGULATION, AND STANDARDS (LORS) - COMPLIANCE

The proposed license extension is subject to all the LORS described in the Final Staff Assessment (FSA) (CEC 2002), and may be subject to new ambient air quality standards for nitrogen dioxide (NO₂) and particulate matter less than 2.5 microns (PM_{2.5}).

SETTING

Staff provides **AIR QUALITY Table 1**, which summarizes the area's attainment status for various applicable state and federal air quality standards.

AIR QUALITY Table 1 Bay Area Attainment Status			
Pollutant	Averaging Time	California Status	Federal Status
Ozone (O ₃)	8 Hour	N/A	Non-attainment
	1 Hour	Non-attainment	N/A
Carbon Monoxide (CO)	8 Hour	Attainment	Attainment
	1 Hour	Attainment	Attainment
Nitrogen Dioxide (NO ₂)	Annual	N/A	Attainment
	1 Hour	Attainment	N/A
Sulfur Dioxide (SO ₂)	Annual	N/A	Attainment
	24 Hour	Attainment	Attainment
	1 Hour	Attainment	N/A
PM10	Annual	Non-attainment	Attainment
	24 Hour	Non-attainment	Unclassified
PM2.5	Annual	Non-attainment	Attainment
	24 Hour	N/A	Attainment
Notes: Unclassified means the area is treated as it is attainment N/A= no standard applies or not applicable			

BACKGROUND

PROJECT EMISSION PROFILE

The facility was certified on August 20, 2003, with specific daily and annual criteria emission limits and mitigation, which are included in the Decision (CEC 2003). **Air Quality Table 2** summarizes the facility daily and annual emissions limits.

The facility's 2003 license requires the project owner to provide emission reduction credits (ERC) of 302.45 tons per year (TPY) of nitrogen oxides (NOx), 84.75 TPY of precursor organic compounds (POC), and 441.99 TPY of sulfur dioxide SO₂ (for PM10/PM2.5 mitigation) to mitigate the project emission impacts (CEC 2002). In addition, the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) requires the project owner to submit \$1,002,480 to fund efforts to reduce 68.8 tons of NOx emissions in the San Joaquin Valley area to mitigate the project's ozone impacts downwind of the project site (CEC 2003).

AIR QUALITY Table 2
Emissions from Facility Equipment

	NOx	SO ₂	CO	POC	PM2.5 / PM10
Maximum Daily Emissions, lb/day ¹	4,830	450	16,020	3,320	1,220
Maximum Annual Emissions, TPY ¹	263	24	794	74	148
1. Includes startup emissions.					

Source: CEC 2003

ANALYSIS OF EXTENSION PETITION

Staff believes the following issues need to be addressed by the project owner regardless of the three-year extension, prior to the potential construction and operation of the project, or potential sale of the permit.

At the Bay Area Air Quality Management District (District):

1. The District's Authority to Construct permit for the facility has expired. Prior to August 2007, the District sent the project owner a notice for the fees and renewal of the permit, which were to expire in August 2007. The project owner has not submitted the fees nor requested a renewal of the permit, thus the District's construction permit for the facility is no longer valid¹. If the project owner requested the permit renewal and surrendered the fees, the District staff could not say whether the District would opt to renew the construction permits for the

¹ May 20, 2008, telephone conversation with Bob Nishimura of the Bay Area Air Quality Management District.

facility or require the project owner to reapply for a new permit, which could take as long as eight months to process.

2. Start-up and shutdown emissions may be required to be reduced or subject to the District's Best Available Control Technology review. As new technologies have emerged, the combustion turbine start-up and shutdown emissions, which can be as high as 30 to 40 percent of the facility total emissions, may be subject to reduction, alternative technologies, and District permit.

At the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD):

3. The mitigation fees may increase. The original decision called for \$1,002,480 to be used to fund control measures in the San Joaquin Valley area to generate 68.8 TPY of NO_x emission reductions to mitigate the project emission impacts. This fund is equivalent to approximately \$15,000 per ton of reduced NO_x emissions. SJVUAPCD staff² stated that the mitigation fee would need to be revisited as the costs to fund control measures to reduce existing NO_x emissions have increased significantly since 2003.
4. The emission reduction credits may no longer be surplus. Between 2003 and now, the SJVUAPCD has developed additional control measures to reduce emissions from the sources identified in the original licensing, which make the emission reductions from these sources no longer surplus, i.e., they are required to be reduced by other rules and regulations. Again, if the sources that were earmarked for voluntary control with the \$1,002,480 mitigation fee are no longer available, more expensive control measures may be needed, which could raise the mitigation costs significantly.

At the Energy Commission:

Newer ambient air quality standards are in force. New standards and changes in the setting may require staff to re-analyze the project emissions and impacts for nitrogen dioxide (NO₂), PM10/PM2.5 emissions and PM10/2/5 precursor emissions of ammonia and sulfur oxides (SO_x).

5. The new NO₂ standard is 30 percent less than the old standard.
6. The facility PM10/PM2.5 emission impacts are not mitigated. The original license required the surrender of 441.99 TPY of SO_x emission reduction credits (banking certificates #662 and 741) to mitigate the project's PM10 emission impacts. The project owner has placed a "lien" on these emission reduction credits for another project³. Because the other project has been approved, the SO_x emission reduction credits that are earmarked for this project may no longer be available

² May 22, 2008, telephone conversation with Jim Swaney of the San Joaquin Valley Unified Air Pollution Control District.

³ Russell City Energy Center Amendment (01-AFC-7C) dated November 17, 2006. For this project, up to 460 tons per year of SO₂ emission reduction credits are identified as an option to mitigate this project's PM10/PM2.5 impacts if the fireplace/woodstove replacement program does not provide adequate mitigation.

for EAEC. Thus, the project PM10/PM2.5 emission impacts, which were determined in the original license to be significant, may no longer be mitigated.

Available research papers and proven operational data indicate that the 5-ppm ammonia slip emissions are practical, and effective to reduce secondary PM10/PM2.5 emissions. Staff would revisit the possibility to restrict the turbines' ammonia slip emissions to 5 ppm instead of the licensed 10-ppm limit.

7. Greenhouse Gases Reporting. Staff recommends addition of a condition of certification to require the project owner to report the quantities of relevant greenhouse gases, such as carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, HFCs and PFCs, emitted as a result of electric power production.

CONCLUSIONS AND RECOMMENDATIONS

Staff recommends approval of the petition to extend by three years the commencement of construction deadline for the project, but notes that regardless of the construction date, the following outstanding issues would need to be addressed by the project owner prior to project construction and operation, and as a condition of sale of the permit.

- The BAAQMD's facility construction permit for the facility is no longer valid.
- The project owner needs to contact both Bay Area and San Joaquin Valley air districts to ensure that the current permits can be renewed, any new requirements can be met, and that the mitigation packages with both districts are acceptable.
- The project owner will have to provide discussions, analyses, and mitigation for the project's NO₂ emissions and impacts, PM10/PM2.5 direct and secondary (from ammonia and SO_x) emissions and impacts.

REFERENCES

CEC 2002 - California Energy Commission, Final Staff Assessment of the East Altamont Energy Center (01-AFC-4). September 2002.

CEC 2003- California Energy Commission, Commission Final Decision of the East Altamont Energy Center (01-AFC-4). August 20, 2003.

EAST ALTAMONT ENERGY CENTER (01-AFC-4C)

Request to Extend the Project's Start of Construction Date

Staff Analysis of Hazardous Materials Management

Rick Tyler

On May 16, 2008, the East Altamont Energy Center, LLC (project owner) filed a petition for a three (3) year extension of the commencement of construction deadline for the East Altamont Energy Center (EAEC) to August 19, 2011.

LAWS, ORDINANCES, REGULATION, AND STANDARDS (LORS) - COMPLIANCE

The proposed project and amendment are subject to all the LORS described in the Final Staff Assessment (FSA) (CEC 2002). There have been no changes in LORS regarding the handling of hazardous materials post certification.

SETTING

The proposed project is located in Alameda County at the northeastern edge eight miles northeast of Tracy. The area near the site was primarily agricultural at the time of certification with the exception of the new Mountain House community located about one mile northwest of the project site.

BACKGROUND

ANALYSIS OF PROPOSED EXTENSION.

The certified project would use anhydrous ammonia for control of air emissions. The use of anhydrous ammonia can pose a serious public health risk in the event of an accidental release. The extent of public health risk is proportional to the magnitude of the potential worst-case accidental release, the proximity of potential public receptors, and mitigation measures that would reduce the airborne ammonia concentration in the event of a release. Anhydrous ammonia was the only hazardous material associated with the project with the potential to cause significant impacts on the surrounding public.

Staff analyzed the potential for public impact in the event of a worst-case accidental release and determined that the risk of using anhydrous ammonia was insignificant. There has been growth in the population in the project vicinity since the project was certified. If such growth has changed the proximity of the project, it is possible that the level of potential public risk associated with anhydrous ammonia use has increased. However, the project owner has stated in paragraph three of the petition that, "Should the Project Owner enter into a power purchase agreement for the EAEC and should any such agreement require any modifications to the project or changes in conditions of certification or should any external circumstances require changes in the conditions of certification, the Project will file a timely petition to amend the license prior to commencement of construction."

It is staff's contention that if the Project Owner does enter into a power purchase agreement and moves forward with the project an amendment will be required. If the project does move forward after entering into a power purchase agreement, staff will reevaluate the potential for impacts associated with anhydrous ammonia use at that time and propose additional mitigations and/or conditions of certification to protect public health if necessary.

CONCLUSIONS AND RECOMMENDATIONS

Staff recommends approval of the petition to extend by three years the commencement of construction deadline for the project, but notes that regardless of the construction date, the Project Owner will need to reevaluate the potential risk associated with anhydrous ammonia use prior to moving forward with the project.

REFERENCES

CEC 2002 - California Energy Commission, Final Staff Assessment of the East Altamont Energy Center (01-AFC-4). September 2002.

CEC 2003- California Energy Commission, Commission Final Decision of the East Altamont Energy Center (01-AFC-4). August 20, 2003.

EAST ALTAMONT ENERGY CENTER (01-AFC-4C)

Request to Extend the Project Construction Date

Staff Analysis of Soil and Water

Paul Marshall CEG, CHg.

On May 16, 2008, the East Altamont Energy Center, LLC (project owner) filed a petition for a three (3) year extension of the commencement of construction deadline for the East Altamont Energy Center (EAEC) to August 19, 2011.

LAWS, ORDINANCES, REGULATION, AND STANDARDS (LORS) - COMPLIANCE

The project is subject to all the LORS described in the Final Staff Assessment (FSA) (CEC 2002). However, in the 2003 Integrated Energy Policy Report, consistent with State Water Regional Control Board Policy 75-58 and the Warren-Alquist Act, the Energy Commission adopted a policy stating they will approve the use of fresh water for cooling purposes by power plants only where alternative water supply sources and alternative cooling technologies are shown to be “environmentally undesirable” or “economically unsound”. Additionally, the Energy Commission will require zero liquid discharge technologies unless such technologies are shown to be “environmentally undesirable” or “economically unsound”. Staff will evaluate the project in light of this new policy at such time that a petition to amend is submitted to allow start of construction of the project.

SETTING

The proposed project is located in Alameda County at the northeastern edge, eight miles northeast of Tracy. The area near the site was primarily agricultural at the time of certification. Since that time, the new Mountain House community, about one mile northwest of the project site has begun to be developed.

SUMMARY OF CONDITIONS OF CERTIFICATION

The facility was certified on August 20, 2003, with standard soil and water conditions for storm water pollution prevention, drainage and erosion control, and on-site septic disposal, and industrial wastewater treatment systems. Conditions of certification specific to recycled water use were also included to ensure the maximum amount of recycled water available from Mountain House Community Services District (MHCS D) can be used for power plant cooling. Condition of Certification **Soil and Water – 5** requires that the owner construct a recycled water pipeline prior to operation capable of delivering 5,900 gallons per minute to the power plant. **Soil and Water - 5** also provides that the project shall accept all recycled water available at a cost comparable to or less than the cost of fresh water. **Soil and Water – 6** identifies specific design features that must be included in the project to ensure the maximum amount of recycled water is used for cooling and landscape irrigation. **Soil and Water – 7** requires metering to verify the amount of surface water and recycled water used for power plant operation.

ANALYSIS AND RECOMMENDATIONS

Staff recommends approval of the extension provided the following recommendations are implemented.

Staff finds that **Soil and Water - 5** suggests the owner may only be required to use recycled water for plant needs if it is comparable to or less than the cost of surface water supplied by Byron-Bethany Irrigation District (BBID). Given current policy regarding fresh water use, the project owner must demonstrate that recycled water use is 'economically unsound and environmentally undesirable'. Staff recommends the analysis of the economics requiring use of recycled water be revisited prior to approval of construction.

The owner has indicated that BBID could make recycled water available by 2005. Staff recommends that the project owner be required to provide a technical memorandum describing the current availability of recycled water and if available, a will serve letter confirming and committing to the future delivery of recycled water. This documentation should be submitted prior to the project owners proposed start of construction.

REFERENCES

CEC 2003- California Energy Commission, Commission Final Decision of the East Altamont Energy Center (01-AFC-4) August 20, 2003.

EAST ALTAMONT ENERGY CENTER (01-AFC-4C)

Request to Extend the Project's Start of Construction Date

Staff analysis of Transmission System Engineering

Mark Hesters

On May 16, 2008, the East Altamont Energy Center, LLC (project owner) filed a petition for a three (3) year extension of the commencement of construction deadline for the East Altamont Energy Center (EAEC) to August 19, 2011.

LAWS, ORDINANCES, REGULATION, AND STANDARDS (LORS) - COMPLIANCE

The proposed project and amendment are subject to all the LORS described in the Final Staff Assessment (FSA) (CEC 2002). There have been no changes in LORS regarding Transmission System Engineering.

SETTING

The proposed project is located in Alameda County at the northeastern edge eight miles northeast of Tracy. The area near the site was primarily agricultural at the time of certification with the exception of the new Mountain House community located about one mile northwest of the project site.

BACKGROUND

The proposed license extension should not affect the conclusions of the Transmission System Engineering analysis. The Detailed Interconnection Facility Study may not be valid for the new construction and operation date. However, Condition of Certification **TSE-1.8** requires the project owner to submit any new or updated studies as well as provide a description of required facility upgrades or operating procedures identified in the studies. Compliance with Condition of Certification **TSE-1.8** will insure that facilities required for a reliable interconnection, at the new interconnection date, are identified and analyzed.

CONCLUSIONS AND RECOMMENDATIONS

Staff recommends approval of the petition to extend by three years the commencement of construction deadline for the project, but notes that regardless of the construction date, the Project Owner will need to provide any updated transmission studies.

REFERENCES

CEC 2002 - California Energy Commission, Final Staff Assessment of the East Altamont Energy Center (01-AFC-4). September 2002.

CEC 2003- California Energy Commission, Commission Final Decision of the East Altamont Energy Center (01-AFC-4). August 20, 2003.

APPENDIX A

PUBLIC COMMENTS

AND

RESPONSE TO COMMENTS

Robert Sarvey
501 W. Grantline Rd
Tracy, Ca. 95376
209 835-7162

DOCKET 01-AFC-4C	
DATE	MAY 30 2008
RECD.	

Preliminary Comments on extension of time for Construction for the
East Altamont Energy Center 01-AFC-4C

Dear Ms Stone,

The project applicant has had 5 years to commence construction for this project. Since that time conditions under which the project was licensed have changed dramatically and as with all EIR's time has rendered many of the findings and conclusions in the original Commission Decision incorrect or obsolete. The commission must reexamine many of its original findings and make the necessary changes needed to comply with CEQA or the Commission must deny the extension of time for construction. It is important that the commission consider that the public opposed this project from its inception as the San Joaquin County Board of Supervisors passed a resolution opposing the project on behalf of the residents of Mountain House and the County. The project was also opposed by the Bay and Mother Load Chapters of the Sierra Club and numerous other civic organizations in San Joaquin County. At no time has this project had the support of the public as it was licensed with two other power projects within six miles of the city of Tracy. Of the three projects approved by the CEC near Tracy the Tesla 1100MW power plant, the GWF Peaker Plant 169 MW, and the EAEC 1100MW only one project has been constructed. That Project the GWF Peaker Plant ran less than 100 hours each year since construction. <http://www.gwfpower.com/>

Air Quality

The new rules on PM 2.5 are now adopted and the projects PM 2.5 emission impacts need to be reevaluated under the new rules. Finding 11 on page 150 of the Commission Decision for the EAEC states, "The new Federal standards for PM_{2.5} are not relevant to this case because there have been no violations of the standards and implementation of the new AAQS has not begun." Federal standards for PM 2.5 are now implemented and the SJVUAPCD has been classified as serious non attainment and has instituted draconian measures to combat the problem. The new PM plan was recently approved by the ARB.

The SJVUAPCD has a mitigation agreement which must be renegotiated due to the fact that the cost of emission reductions has increased dramatically. Findings 13, 14, 16, and 17 on page 150 of the commission decision on the

EAEC are no longer valid. Stringent new rules for air pollution sources have been imposed upon valley residents so the valley can meet the air quality goals of its new PM 2.5 plan and its new Ozone plan. The old mitigation scheme is no longer viable for reducing pollution in the Valley that will be generated by this project on the Alameda and San Joaquin County Border. The cost of emission reductions has increased dramatically over the last 5 years and the SJVUAPCD can no longer meet the NOx reduction targets in the mitigation agreement with the funding provided by the AQMP between the District and the applicant.

The project applicant has changed the Emission Reduction Credit Package for the EAEC to accommodate the siting of the Russell City Project in Hayward and the CEQA efficacy of the mitigation package must be examined.

The projects 1 hour startup impact combined with background NO2 levels is listed as 385 ug/m3 in the Commission decision on page 122. That impact will violate the new NO2 Standard for the State of California which is 338 ug/m3. The new California NO2 standard was approved by the Office of Administrative law on February 19 2008. The project should include fast start technology to avoid violating the new NO2 standard during startup.

The project does not comply with best available control technology (BACT) for ammonia slip. All newly approved large combined cycle plants have adopted a 5 ppm ammonia slip and the EAEC has a 10ppm limit. Finding Number 10 page 149 of the Commission Decision on the EAEC is no longer true.

Best available control technology for CO for large combined cycle units in the BAAQMD is now 4ppm. (<http://www.baaqmd.gov/pmt/bactworkbook/89-1-6.htm>) Finding number 9 on page 149 of the commission decision is no longer valid at this time conditions have changed.

The BAAQMD now requires a fee for the production of greenhouse gasses effective July 1, 2008. <http://www.latimes.com/news/local/la-me-carbontax22-2008may22,0,7383756.story>

Since the granting of the license for the EAEC in 2003 the project area has changed dramatically. The new Mountain House Community has constructed several thousand homes near the proposed site. Some of the new homes are planned directly across the street from the project and the Energy Commission did not know of the existence of these homes when it first licensed the project. Air Quality impacts to these new residents needs to be examined under the current air quality background levels.

Hazardous Materials

The project as licensed was allowed to utilize anhydrous ammonia. No recent project has been allowed to utilize anhydrous ammonia and all projects now utilize aqueous ammonia. The ammonia incident at the Blythe Power plant on September 27, 2004 demonstrates the dangers of using anhydrous ammonia at a power plant site. The new Mountain House community will surround the site.

Worker Safety and Fire Protection

The Tracy Fire Department provides service to the Mountain House area. The Tracy Fire department is understaffed and has no ability to provide hazardous material response or the equipment to combat a large fire at the project site. (<http://www.ci.tracy.ca.us/modules/content/index.php?id=159>) Since the project was licensed traffic has increased and response times from the Alameda County Fire to the project site have increased. The Tracy fire Department would require equipment and training to safely respond to an incident at the power plant site.

EAST ALTAMONT ENERGY CENTER (01-AFC-4C)

Request to Extend the Project's Start of Construction Date

Prepared by: Tuan Ngo, P.E.

RESPONSE TO COMMENTS

Robert Sarvey filed comments regarding the proposed extension on May 30, 2008

Comment:

"The new rules on PM2.5 are now adopted and the projects PM2.5 emissions impacts need to be reevaluated under the new rules. Finding 11 on page 150 of the Commission Decision for the East Altamont Energy Center (EAEC) states. "The new Federal standards for PM2.5 are not relevant to this case because there have been no violations of the standards and implementation of the new AAQS has not begun."

Federal standards for PM2.5 are now implemented and the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) has been classified as serious non attainment and has instituted draconian measures to combat the problem. The new PM plan was recently approved by the ARB."

Response:

Staff agrees with the comments that the PM2.5 impacts need to be addressed and mentions that fact on page 3 of the staff analysis, that new standards are in force and that the staff will have to re-analyze the projects potential PM2.5 emission impacts.

Comment:

"The SJVUAPCD has a mitigation agreement which must be renegotiated due to the fact that the cost of emission reductions has increased dramatically. Findings 13, 14, 16, and 17 on page 150 of the commission decision on the EAEC are no longer valid. Stringent new rules for air pollution sources have been imposed upon valley residents so the valley can meet the air quality goals of its new PM2.5 plan and its new Ozone plan. The old mitigation scheme is no longer viable for reducing pollution in the Valley that will be generated by this project on the Alameda and San Joaquin County Border. The cost of emission reductions has increased dramatically over the last 5 years and the SJVUAPCD can no longer meet the NOx reduction targets in the mitigation agreement with the funding provided by the AQMP between the District and the applicant."

Response:

Staff agrees with the commentor's points on the cost of the SJVUAPCD mitigation package and discusses that point on page 3, *"Again, if the sources that were earmarked for voluntary control with the \$1,002,480 mitigation fee are no longer available, more*

expensive control measures may be needed, which could raise the mitigation costs significantly.”

Comment:

“The project applicant has changed the emission Reduction Credit Package for the EAEC to accommodate the siting of the Russell City Project in Hayward and the CEQA efficacy of the mitigation package must be examined.”

Response:

Staff agrees with the commentor’s points on the changed ERC package and states so on page 3 that a lien has been placed on the ERCs for another project (the Russell City Energy Center) and that the emission reductions are now allocated to that project and may not be available for the EAEC.

Comment:

“The project’s 1 hour startup impact combined with background NO₂ levels is listed as 385 ug/m³ in the Commission decision on page 122. That impact will violate the new NO₂ standard for the State of California which is 338 ug/m³. The new California NO₂ standard was approved by the Office of Administrative law on February 19, 2008. The project should include fast start technology to avoid violating the new NO₂ standard during startup.”

Response:

Staff agrees with the commentor’s point on page 3 of the staff analysis that with the State adoption of a new 1-hour NO₂ standard that the project’s impacts should be addressed against that standard. Based on the outcome of that impact analysis, staff may recommend mitigation measures that may include technologies such as the fast-start technology mentioned by the commentor.

Comment:

“The project does not comply with best available control technology (BACT) for ammonia slip. All newly approved large combined cycle plants have adopted a 5 ppm ammonia slip and the EAEC has a 10 ppm limit. Finding Number 10 page 149 of the Commission Decision on the EAEC is no longer true.”

Response:

Staff agrees with the commentor’s points on the ammonia slip issue and state that position on page 4 of the staff analysis that the 5 ppm ammonia slip is practical and would reduce the potential secondary PM₁₀/PM_{2.5} formation.

Comment:

“Best available control technology for CO for large combined cycle units in the BAAQMD is now 4 ppm. (<http://www.baaqmd.gov/pmt/bactworkbook/89-1-6.htm>) . Finding number 9 on page 149 of the commission decision is no longer valid at this time conditions have changed.”

Response:

Staff believes that the applicant will have to negotiate with the BAAQMD as to how to administer the permit from that agency (p. 4 of staff’s analysis). If the BAAQMD believes that BACT for CO needs to be re-revisited, then that agency will address that concern. Staff does not make the BACT finding, the local air districts do, and since staff does not presently find that the current project causes a new violation of any CO ambient air quality standard, staff cannot require additional mitigation in the form of lower CO emissions through BACT.

Comment:

“The BAAQMD now requires a fee for the production of greenhouse gasses effective July 1, 2008. (<http://latimes.com/new/local/la-me-carbontax22-2008may22,0,0,7383756.story>)”

Response:

Like the issue above on CO BACT, staff believes that the applicant needs to discuss the permit status with the BAAQMD. If that agency believes that a fee will be required for greenhouse gasses as a result of their issuance of a revised or new construction permit, then that agency will take that discretionary action.

Comment:

“Since the granting of the license for the EAEC in 2003 the project area has changed dramatically. The new Mountain House Community has constructed several thousand homes near the proposed site. Some of the new homes are planned directly across the street from the project and the Energy Commission did not know of the existence of these home when it first licensed the project. Air Quality impacts to these new residents needs to be examined under the current air quality background levels.”

Response:

The Commission was aware of the Mountain House Community during the original licensing proceedings, and thoroughly examined this project’s potential impacts on that proposed community. The Commission’s analysis and findings, the Commission’s Final Decision, and all other relevant documents to the underlying proceeding are available on the web at:
<http://www.energy.ca.gov/sitingcases/eastaltamont/documents/index.html>.

EAST ALTAMONT ENERGY CENTER (01-AFC-4C)
Request to Extend the Project's Start of Construction Date
Prepared by: Rick Tyler

RESPONSE TO COMMENTS

Robert Sarvey filed comments regarding the proposed extension on May 30, 2008.

Comment:

"The project as licensed was allowed to utilize anhydrous ammonia. No recent project has been allowed to utilize anhydrous ammonia and all projects now utilize aqueous ammonia. The ammonia incident at the Blythe Power plant on September 27, 2004 demonstrates the dangers of using anhydrous ammonia at a power plant site. The new Mountain House community will surround the site."

Response:

This comment suggests that Staff now has a policy of recommending against the use of anhydrous ammonia. This assertion is incorrect; it is at the Project Developers' discretion to propose the use of hazardous materials for a proposed project. Staff then evaluates the potential risk associated with the proposed hazardous materials use. The fact that no recent projects utilize anhydrous ammonia is an artifact of decisions made by project developers and not a position taken by staff. However, if the project does move forward in the future staff will reevaluate the risk associated with anhydrous ammonia use and propose new mitigation measures and/or new conditions to ensure insignificant risk to the public based on conditions that exist at that time.

Comment:

"The Tracy Fire Department provides services to the Mountain House area. The Tracy Fire department is understaffed and has no ability to provide hazardous materials response or the equipment to combat a large fire at the project site. (<http://www.ci.tracy.us/modules/content/endix.php?id=159>) Since the project was licensed traffic has increased and response times from the Alameda County Fire to the project site have increased. The Tracy fire Department would require equipment and training to safely respond to an incident at the power plant."

Response:

Staff fully evaluated the impacts on the Tracy Fire Department during certification of the project. Conditions of Certification **WORKER SAFETY-3** and **WORKER SAFETY -4** provide for mitigation of impacts on the Tracy Fire Department. Staff contends that the mitigation required by these conditions would fully mitigate any potential impact on the Tracy Fire Department (CEC 2003).