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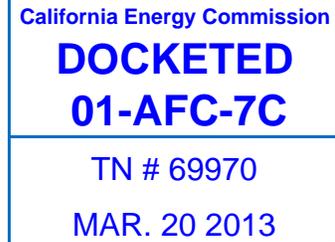
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March 20, 2013



Bruce Boyer  
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Re: Russell City Energy Center 01-AFC-7C  
Amendment No. 4

Dear Mr. Boyer:

On behalf of Russell City Energy Company, LLC, we are submitting this addendum to the Petition for Modification No. 4 for the Russell City Energy Center. This addendum requests a nonsubstantive change in condition of certification AQ-SC12, to correct an inadvertent error and to ensure consistency with AQ-23 and the project's air permits, and requests a change to Condition of Certification HAZ-5 regarding the location of storage of combustible or flammable materials.

If you have any questions, please contact me at (916) 447-2166.

Sincerely,



Greggory L. Wheatland

Attorneys for Russell City Energy  
Company, LLC

GLW/cbk

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# **Russell City Energy Center**

**(01-AFC-7C)**

## **Addendum to Amendment No. 4**

Submitted by  
**Russell City Energy Company, LLC**  
**March 2013**

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# Contents

|   |            |
|---|------------|
| <b>Contents.....</b>  | <b>iii</b> |
| <b>Executive Summary.....</b>   | <b>iv</b>  |
| <b>1.0 Introduction.....</b>  | <b>1</b>   |
| 1.1 Overview.....   | 1          |
| 1.2 Summary of Environmental Impacts of Modifications added to Amendment No. 4... 2                                     | 2          |
| <b>2.0 Description of Project Changes .....</b>   | <b>3</b>   |
| 2.1 Changes to Air Quality Condition of Certification AQ-SC12.....  | 3          |
| 2.2 Changes to the Limitations for Storage, Use and Transportation of Combustible and Flammable Materials (HAZ-5) ..... | 4          |
| 2.3 Necessity of Proposed Changes .....   | 5          |
| <b>3.0 Environmental Analysis of Proposed Project Changes and Consistency with LORS ....</b>                            | <b>6</b>   |
| 3.1 Environmental Analysis of Changes to AQ-SC12.....   | 6          |
| 3.2 Environmental Analysis of Changes to HAZ-5.....   | 6          |
| 3.2.1 Air Quality.....  | 6          |
| 3.2.2 Biological Resources.....   | 6          |
| 3.2.3 Cultural Resources .....  | 7          |
| 3.2.4 Geology and Paleontology .....  | 7          |
| 3.2.5 Hazardous Materials Management.....   | 7          |
| 3.2.6 Land Use.....   | 7          |
| 3.2.7 Noise and Vibration.....  | 7          |
| 3.2.8 Public Health.....  | 7          |
| 3.2.9 Socioeconomics .....  | 8          |
| 3.2.10 Soil and Water Resources .....   | 8          |
| 3.2.11 Traffic and Transportation .....   | 8          |
| 3.2.12 Visual Resources.....  | 8          |
| 3.2.13 Waste Management.....  | 8          |
| 3.2.14 Worker Safety and Fire Protection.....   | 8          |
| 3.3 Consistency of Addendum to Amendment No. 4 with the Certification and LORS....                                      | 8          |
| <b>4.0 Potential Effects on the Public and Property Owners .....</b>  | <b>10</b>  |
| 4.1 Potential Effects on the Public.....  | 10         |
| 4.2 Potential Effects on Property Owners.....   | 10         |

# Executive Summary

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Russell City Energy Company, LLC, as project owner, submits to the California Energy Commission (CEC or Commission) this addendum to Amendment No. 4 to the certification for the Russell City Energy Center (RCEC) (01-AFC-7), issued September 11, 2002 and subsequently amended, hereinafter "Decision." Amendment No. 4 was filed with the Commission on November 13, 2012, and is currently pending. This addendum requests the following be added to Amendment No. 4:

- Modification of Condition of Certification AQ-SC12 to make a non-substantive, clerical change for purposes of consistency with other provisions relating to particulate matter (PM10) found in AQ-23 and for consistency with the conditions in the Authority to Construct ("ATC") and Prevention of Significant Deterioration ("PSD") air permits issued by the Bay Area Air Quality Management District ("BAAQMD"); and
- Modification of Condition of Certification HAZ-5 (relating to the location for the storage, use and transportation of combustible or flammable material), in order to provide flexibility in project layout and design without compromising safety.

Section 1.0 provides an overview of this addendum to Amendment No. 4 and a summary of the environmental impacts of the modifications. Section 2.0 further describes the proposed modifications, sets forth the proposed modifications to the Conditions of Certification, and addresses the necessity of the changes and the consistency of the changes with the Decision. Section 3.0 provides the environmental analyses for the modifications, and concludes that adoption of these changes will not result in any significant, unmitigated adverse environmental impacts. Section 3.0 also addresses compliance with laws, ordinances, regulations and standards (LORS) and finds that the project will continue to comply with all applicable LORS. Section 3.0 also confirms that the findings and conclusions contained in the Commission Decision of October 3, 2007 amending certification of the RCEC are still applicable to the project.

# 1.0 Introduction

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## 1.1 Overview

By this addendum to Amendment No. 4 for the Russell City Energy Center project (“RCEC”), Russell City Energy Company, LLC (“project owner”), petitions the Commission to amend the certification for the project as follows:

- Modify Condition of Certification AQ-SC12 to make a non-substantive, clerical change for purposes of consistency with other provisions relating to particulate matter (PM10) found in AQ-23 and for consistency with the conditions in the Authority to Construct (“ATC”) and Prevention of Significant Deterioration (“PSD”) air permits issued by the Bay Area Air Quality Management District (“BAAQMD”); and
- Modify Condition of Certification HAZ-5 (relating to the storage, use and transportation of combustible or flammable material) to provide flexibility in project layout and design without compromising safety.

This addendum to Amendment No. 4 contains all of the information that is required with respect to these additional changes pursuant to the Siting Regulations (California Code of Regulations [CCR] Title 20, Section 1769, Post Certification Amendments and Changes). The additional information necessary to fulfill the requirements of Section 1769 for Amendment No. 4 is contained in Sections 1.0 through 4.0 as summarized in Table 1 below.

TABLE 1  
Informational Requirements for Post-Certification Amendments and Changes

| <b>Section 1769 Requirement</b>   | <b>Section of Petition Fulfilling Requirement</b> |
|---|---|
| (A) A complete description of the proposed modifications, including new language for any conditions that will be affected   | Section 2.0                                       |
| (B) A discussion of the necessity for the proposed modifications  | Section 2.3                                       |
| (C) If the modification is based on information that was known by the petitioner during the certification proceeding, an explanation why the issue was not raised at that time                                  | Section 2.3                                       |
| (D) If the modification is based on new information that changes or undermines the assumptions, rationale, findings, or other bases of the final decision, an explanation of why the change should be permitted | Sections 3.3                                      |
| (E) An analysis of the impacts the modification may have on the environment and proposed measures to mitigate any significant adverse impacts   | Section 3.0                                       |

TABLE 1  
Informational Requirements for Post-Certification Amendments and Changes

| Section 1769 Requirement  | Section of Petition Fulfilling Requirement |
|---|--|
| (F) A discussion of the impact of the modification on the facility's ability to comply with applicable laws, ordinances, regulations, and standards | Section 3.3                                |
| (G) A discussion of how the modification affects the public   | Section 4.1                                |
| (H) A list of property owners potentially affected by the modification  | Section 4.2                                |
| (I) A discussion of the potential effect on nearby property owners, the public and the parties in the application proceedings                       | Section 4.2                                |

## 1.2 Summary of Environmental Impacts of Modifications Added to Amendment No. 4

The Siting Regulations require that an analysis be conducted to address the potential impacts the proposed modification of project design, operation, or performance requirements may have on the environment and proposed measures to mitigate any potentially significant adverse impacts (Title 20, CCR, Section 1769 [a][1][E]). The regulations also require a discussion of the impact of the proposed change on the facility's ability to comply with applicable laws, ordinances, regulations and standards (Title 20, CCR Section 1769 [1][a][F]).

Section 3.0 of this addendum includes a discussion of the potential environmental impacts associated with the proposed modifications to Conditions of Certification AQ-SC12 and HAZ-5, as well as a discussion of the consistency of the modification with LORS. Section 3.0 concludes that there would be no significant environmental impacts associated with implementing the modifications specified in this addendum to Amendment 4, and that the project as modified would comply with all applicable LORS. In particular:

- Amendment of Condition of Certification AQ-SC12 will have no significant adverse impact on the environment because these changes are non-substantive and clerical, and are consistent with the currently licensed limits for emission of PM10.
- Changes to Condition of Certification HAZ-5 for the storage, use and transportation of combustible and flammable materials will have no significant adverse impact on the environment. The revision to the condition will provide flexibility in project layout and design, while at the same time assuring continued safety of site conditions, and continued consistency with all applicable LORS.

## 2.0 Description of Project Changes

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This section includes a complete description of the additional proposed changes in project design, operation, or performance requirements, consistent with the Siting Regulations (Title 20, CCR, Section 1769 [a][1][A]).

### 2.1 Changes to Air Quality Condition of Certification AQ-SC12

This addendum to Amendment No. 4 requests a change to the Air Quality Condition of Certification AQ-SC12 for purposes of consistency with AQ-23, as amended by Amendment No. 2. This change brings the emission credit obligations of AQ-SC12 in line with the emission limits established in the Decision and the project's ATC and PSD air permits.

On August 11, 2010, the Commission approved Amendment No. 2,<sup>1</sup> which modified the Air Quality Conditions of Certification in the original 2002 Decision to conform to the project's federal PSD permit and enabled the renewal of the ATC issued by the BAAQMD. Among those changes, AQ-23 was amended to be consistent with the air permits' lowered limits for emissions from the project's gas turbines, heat recovery system generators ("HRSG"), cooling tower, and fire pump diesel engine. In Amendment No. 2, AQ-23 was amended to reduce the annual emission limit for PM10 from 86.8 tons to 71.8 tons.

AQ-SC12 requires the project owner to make available to Hayward residents a voluntary program to finance fireplace retrofit or woodstove replacement. In the 2002 Decision, this program was required to provide 43.4 tons of winter-time PM10 emission reduction credits ("ERC") per year, which represents 50% of the total PM10 limit of 86.8 tons. However, when Amendment No. 2 reduced the PM10 limit in AQ-23 from 86.8 tons to 71.8 tons, the Commission inadvertently neglected to make a corresponding change in AQ-SC12, in order to reduce the 50% ERC obligation from 43.4 tons to 35.9 tons.

The project owner requests that this oversight be corrected by amending AQ-SC12 to reduce the ERC requirement to 35.9 tons, which is 50% of the PM10 limit of 71.8 tons in AQ 23. This value, 71.8 tons, is also the limit specified in the ATC.

The project owner requests the following modification to AQ-SC12:

**AQ-SC12** A fireplace retrofit/woodstove replacement program shall be made available to all Hayward residents on a first-come, first-serve basis to finance a voluntary woodstove replacement/fireplace retrofit. The program can also be made available to all residents of the cities of Fremont, Newark, Union City, San Leandro, Oakland, Emeryville, Albany, Piedmont, Berkeley, Alameda and the unincorporated communities of San Lorenzo and Castro Valley after twelve (12) months from the start date of the fireplace retrofit/woodstove

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<sup>1</sup> California Energy Commission. 2010. Order Amending the Energy Commission Decision, Russell City Energy Center, Petition for Amendment No. 2 (01-AFC-07C), Alameda County. California Energy Commission, Sacramento, California. August 11, 2010.

replacement program. The program shall provide a minimum of ~~43.4~~ 35.9 tons of winter-time (Oct 1 to Mar 31) PM10 ERCs per year. Each resident participating in the retrofit/replacement program would agree to replace their existing woodstove or fireplace with a natural gas-fired unit, or to permanently close the fireplace or woodstove chimney and apply the rebate toward the improvement or replacement of their homes' existing central heating and air conditioning unit. Quarterly status reports on the program meeting the following milestones shall be submitted to the CPM:

- a. achieving 6.5 tons per year of winter-time PM10 six (6) months after start of construction,
- b. achieving 13.0 tons per year of winter-time PM10 nine (9) months after start of construction.
- c. achieving 21.7 tons per year of winter-time PM10 twelve (12) months after start of construction.
- d. achieving 34.7 tons per year of winter-time PM10 eighteen (18) months after start of construction.
- e. achieving ~~43.4~~ 35.9 tons per year of winter-time PM10 twenty four (24) months after start of construction.

**Verification:** At least ninety (90) days before start of construction, the project owner shall submit to the CPM a plan detailing the fireplace/woodstove replacement program for approval. The plan shall include, at the minimum, the description of the program, the amount of rebate, the person (or agency) who oversees the program implementation, the responsible person who reports to the CPM on the progress of the program implementation, the target milestones, and procedures to be followed if the target milestones have not been met. The project owner shall submit documentation to show compliance with this condition in the quarterly and annual reports as required in **AQ-2019**.

## 2.2 Changes to the Limitations for Storage, Use and Transportation of Combustible and Flammable Materials (HAZ-5)

Condition of Certification HAZ-5 requires that a minimum distance of 50 feet be maintained between combustible or flammable materials and the sulfuric acid tank. This condition is intended to protect against the potential release of sulfuric acid through volatilization in the event of fire. In order to provide greater flexibility in the layout and design of the project, while maintaining the necessary precautions to protect from the risk of fire, the project owner requests that Condition of Certification HAZ-5 be modified to allow a setback of less than 50 feet between the sulfuric acid tank and any combustible or flammable materials if (a) the CBO approves the design and construction of a physical barrier or firewall that is consistent with applicable fire prevention standards; and (b) a physical barrier or firewall is constructed and maintained consistent with the CBO's specifications.

Accordingly, the project owner requests that the following modification to HAZ-5 be added to Amendment No. 4:

**HAZ-5** The project owner shall ensure that no combustible or flammable material is stored, used, or transported within 50 feet of the sulfuric acid tank, or within less than 50 feet, provided the project owner constructs or installs a physical barrier between the sulfuric acid tank and the location of any combustible or flammable material that meets design and construction requirements established by the California Building Code, as verified by the CBO.

**Verification:** At least sixty (60) days prior to receipt of sulfuric acid on-site, the project owner shall provide to the CPM for review and approval copies of the facility design drawings showing the location of the sulfuric acid storage tank and the location of any tanks, drums, or piping containing any combustible or flammable material and the route by which such materials will be transported through the facility.

## 2.3 Necessity of Proposed Changes

The Siting Regulations require a discussion of the necessity for the proposed revisions to the RCEC project design, operation or performance requirements, and whether the modifications are based on information known by the petitioner during the certification proceeding (Title 20, CCR, Sections 1769 [a][1][B], and [C]).

### AQ-SC12

Changes to Condition of Certification AQ-SC12 are necessary to assure consistency between the conditions of the project's CEC license and the conditions of the ATC and PSD air permits. At the time of the Decision, AQ-SC12's ERC obligation was based on the PM10 emission limit set at that time, and later reduced. Therefore this change was based on information not known by the project owner at the time of the certification proceeding. The need to modify AQ-SC12 to fix this inconsistency was recently discovered.

### HAZ-4

Changes to HAZ-5 are necessary to assure that the project site includes the necessary fire safety protections while providing needed flexibility in the project layout and design. At the time of the Decision, the project owner did not anticipate that the final project layout would require modification of this condition.

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## 3.0 Environmental Analysis of Proposed Project Changes and Consistency with LORS

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The proposed project changes added by this addendum to Amendment No. 4 are evaluated below. The end of this section addresses the consistency with LORS of the proposed changes to the Air Quality and Hazardous Resource Conditions of Certification.

### 3.1 Environmental Analysis of Changes to AQ-SC12

Modification of Condition of Certification AQ-SC12 will not impact the environment. This modification is non-substantive and clerical in nature, as it is being made to align the obligations of AQ-SC12 with the emission limits for PM10, as reduced by Amendment No. 2 and the project's ATC and PSD air permits. Because this change is the result of the imposition of a reduction in PM10, the project owner's corresponding ERC obligation must also be reduced by an equivalent amount. This modification does not involve any increase in the emissions of PM10, reverse the level of mitigation of PM10 emissions, or cause any physical change to the environment. Therefore, there is no possibility of any significant adverse environmental impact.

### 3.2 Environmental Analysis of Changes to HAZ-5

This addendum to Amendment No. 4 makes a minor modification to HAZ-5 to provide the project owner needed flexibility in the project's layout and design, without compromising fire safety. Below, an environmental analysis for each of the 14 different discipline areas is conducted. This section concludes that no significant potential change to the environment occurs for any of the environmental impact discipline areas, and therefore the proposed changes to HAZ-5 will not change the Decision's analyses of the various environmental impact discipline areas.

#### 3.2.1 Air Quality

Any project layout or design changes made possible by the proposed modification of HAZ-5 will not impact air emissions and does not cause any adverse impacts to air quality.

#### 3.2.2 Biological Resources

Any project layout or design changes made possible by the proposed modification of HAZ-5 will not cause any adverse impacts to biological resources, as any changes to project layout and design will only occur on-site and will have no impact on vegetation or animal species. Therefore the requested modification will not involve changes to the Decision's conditions, findings and conclusions for biological resource impacts.

### 3.2.3 Cultural Resources

Any project layout or design changes made possible by the proposed modification of HAZ-5 will not result in new ground disturbing activities off the project site or ground disturbance in areas not previously considered for construction. Therefore, this change will not affect cultural resources differently than as described in the Commission Decision and will not change the Decision's conditions, findings or conclusions regarding cultural resources.

### 3.2.4 Geology and Paleontology

Any project layout or design changes made possible by the proposed modification of HAZ-5 will not result in new ground disturbing activities, and will not result in changes to the Decision's conditions, findings or conclusions regarding geological resources or paleontological resources.

### 3.2.5 Hazardous Materials Management

Any project layout or design changes made possible by the proposed modification of HAZ-5 will have no significant environmental effect on hazardous materials management. The intent of this condition is to protect against the risk of fire involving combustible materials and the sulfuric acid storage tank. The changes proposed to HAZ-5 continue to assure the necessary level of fire safety while giving the project owner needed flexibility in project layout and design. Significantly, under the proposed language change in this addendum to Amendment No. 4, flammable or combustible materials may only be located within 50 feet of the sulfuric acid tank if a firewall meeting applicable standards is designed to standards approved by the CBO. The proposed modification of HAZ-5 does not involve modification of the amount or types of hazardous substances used or stored at the project site. For these reasons, the flexibility incorporated into HAZ-5 by this addendum to Amendment No. 4 will not cause any adverse impacts to hazardous materials management.

### 3.2.6 Land Use

Any project layout or design changes made possible by the proposed modification of HAZ-5 will occur entirely on the project site and will have no significant environmental effect on land use.

### 3.2.7 Noise and Vibration

Any project layout or design changes made possible by the proposed modification of HAZ-5 will remain in compliance with the Noise Conditions of Certification in the CEC license and will have no effect on noise levels on or off-site.

### 3.2.8 Public Health

Any project layout or design changes made possible by the proposed modification of HAZ-5 will have no significant environmental effect on public health. The intent of this condition is to provide protection from fires involving sulfuric acid, and the changes sought by this addendum to Amendment No. 4 would continue to assure the necessary level of fire safety while giving the project owner needed flexibility in project layout and design. Therefore, the proposed change in HAZ-5 will not impact fire safety and will have no effect on public health.

### **3.2.9 Socioeconomics**

Any project changes resulting from modification to HAZ-5 will have no impact on socioeconomics.

### **3.2.10 Soil and Water Resources**

Any project layout or design changes made possible by the proposed modification of HAZ-5 will not result in changes to the Decision's conditions, findings or conclusions regarding soil and water resources.

### **3.2.11 Traffic and Transportation**

Any project layout or design changes made possible by the proposed modification of HAZ-5 will have no traffic or transportation impacts.

### **3.2.12 Visual Resources**

Any project layout or design changes made possible by the proposed modification of HAZ-5 will have no off-site visual impact, and therefore it will not result in changes to the Commission Decision's conditions, findings or conclusions regarding visual resources.

### **3.2.13 Waste Management**

Any project layout or design changes made possible by the proposed modification of HAZ-5 will not change or impact waste management practices or the types or quantities of waste generated by the construction or operation of the project.

### **3.2.14 Worker Safety and Fire Protection**

Any project layout or design changes made possible by the proposed modification of HAZ-5 will not result in any negative impacts to worker safety. The purpose of the proposed changes to this condition is to provide the project owner needed flexibility in project layout and design, while not compromising fire safety. Therefore, this addendum to Amendment No. 4 will not affect the Decision's conditions, findings or conclusions regarding worker safety and fire protection.

## **3.3 Consistency of Addendum to Amendment No. 4 with the Certification and LORS**

The Siting Regulations require a discussion of the consistency of the proposed project revisions with the applicable laws, ordinances, regulations, and standards (LORS) and whether the modifications are based upon new information that changes or undermines the assumptions, rationale, findings, or other bases of the final decision (Title 14, CCR Section 1769 [a][1][D]). If the project is no longer consistent with the conditions of certification, the petition for project change must provide an explanation for why the modification should be permitted.

Amendment No. 4, as modified by this addendum, is consistent with all applicable LORS and is not based on new information that changes or undermines any bases for the final

Decision. The findings and conclusions contained in the Commission Decision for the project are still applicable to the project as modified. Because the changes to AQ-SC12 are being made to reflect lowered emission limits for PM10 made to the ATC and PSD air permits, these changes are in compliance with LORS.

The changes to HAZ-5 do not conflict with any ordinance, regulation or standard addressing the storage of sulfuric acid or the treatment of combustible materials on-site. Where the project owner pursues an option to comply with HAZ-5, as amended, by construction of a physical barrier or firewall, the CBO will be responsible for ensuring that the design and construction of such barrier complies with applicable LORS. Accordingly, as modified, HAZ-5 continues to be in compliance with applicable LORS.

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## 4.0 Potential Effects on the Public and Property Owners

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### 4.1 Potential Effects on the Public

This section discusses the potential effects on the public that may result from the modifications proposed in this addendum to Amendment No. 4, per the Siting Regulations (Title 20, CCR, Section 1769[a][1][G]).

The modifications added by this addendum to Amendment No. 4 will not affect the public or local economy, and therefore they pose no significant adverse effects on the public.

Specifically, the changes to Condition of Certification AQ-SC12 are non-substantive and clerical amendments that assure consistency between the Air Quality Conditions of Certification AQ-SC12 and AQ-23. There will be no change in air emissions, or in the intended levels of PM10 mitigation, and therefore there are no potential effects on the public as a result.

This addendum proposes adding an additional option to construct a physical barrier or firewall to ensure that the sulfuric acid tank is safely separated from all flammable and combustible materials in the event that such materials are located within 50 feet of the tank. The CBO will be responsible for approving the design and construction of such barrier, and ensuring that it is consistent with all applicable LORS. Therefore, this modification to HAZ-5 will have no impact on the public.

### 4.2 Potential Effects on Property Owners

This section addresses potential effects of the project changes proposed in this addendum to Amendment No. 4 on nearby property owners, the public, and parties in the application proceeding, per the Siting Regulations (Title 20, CCR, Section 1769 [a][1][I]).

As described above, there would be no significant adverse environmental impacts from the adoption of changes to Conditions of Certification AQ-SC12 or HAZ-5. Therefore, no significant adverse effects on property owners would result from the adoption of the changes proposed herein.