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Thomas M. Barnett
Executive Vice President

January 28, 2008

Ms. Anita lee
U.S. EPA, Region 9
75 Hawthorne Street
San Francisco, CA 94105

Subject: Supplement to Application for Prevention of Significant Deterioration (PSD) Permit for Victorville 2 Hybrid Power Project

Dear Ms. Lee:

This letter provides a response to the EPA request made during a meeting on December 20, 2007, for information regarding total suspended particulate matter (TSP or PM), to be added to the pending PSD application for the Victorville 2 (VV2) Project.

Although there are ambient air quality standards for particulates equal to or less than 10 microns (PM10) and 2.5 microns (PM2.5), there are no longer ambient air quality standards or PSD increments related to total PM. However, total PM is still considered to be a "regulated pollutant" under 40 CFR 52.21. It is our understanding that EPA Region 9 concluded last year that PSD applications for power generation projects using natural gas-fired combustion turbines with significant emissions increases of total PM must also address this requirement. Therefore, this letter is a supplement to the pending PSD application for the VV2 Project that provides an analysis of total PM emissions.

The original PSD application for the VV2 Project was submitted on May 2, 2007. At the request of EPA Region 9, a supplement to the application was submitted on June 25, 2007, to address PM2.5 as a PSD regulated pollutant. For those analyses, PM2.5 emissions were conservatively assumed to be equal to PM10 emissions. For the total PM analysis, it is assumed that total PM emissions are also equal to the PM10 emissions.

Almost all of the particulate matter emitted from combustion processes will be smaller than 2.5 microns. However, the assumption that all of the emissions from the combustion processes are PM is conservative, because the PM10/PM2.5 emissions will include condensable particulate matter from the combustion turbine, and yet the typical compliance demonstration method for PM emissions, i.e., a Method 5 source test, would not include the condensable fraction. Hence, measured combustion PM emissions from the VV2 Project are likely to be less than the PM10/PM2.5 emissions assumed in this analysis. Although some of the particulate emissions from the cooling tower may actually be larger than 10

microns, it was conservatively assumed in calculating PM10 emissions that all of the total dissolved solids (TDS) would be in the PM10 size range after evaporation of the cooling tower drift. It was further assumed for simplicity that all of these emissions would be PM2.5. Therefore, since all of the emissions from the cooling tower were included in the PM10/PM2.5 emissions, they also would be included in the PM emissions.

Based on the conservative assumption that all equipment will operate at the maximum hourly emission rate for all of the maximum number of hours allowed, the PM emissions for each emissions unit are shown in the table below. The total emissions of 124.5 tons per year (tpy) are greater than the PM significant emissions level of 25 tpy.

Total Annual PM Potential Emissions

Source	Maximum Emission Rate (lb/hr)	Maximum Hours/Year	PM (tpy)
Gas Turbines (2) and Heat Recovery Steam Generators (2)	18.0	8,760 / 2,000	117.12
Auxiliary Boiler	0.26	500	0.07
HTF Heater	0.3	1,000	0.15
Emergency Generator	0.89	50	0.02
Fire-Water Pump Engine	0.06	50	>0.0
Cooling Tower	1.6	8,760	7.13
Total			124.5

Because the PM emissions are assumed to be equal to the PM10/PM2.5 emissions, the BACT evaluation provided in the June 2007 PSD application supplement will be the same, and no further BACT analyses are needed for PM. Similarly, the maximum potential PM10/PM2.5 emissions were included in the analyses for air quality related values, e.g., visibility, in the Class I areas, so likewise no further modeling analyses are needed for PM emissions. Since there are no PM ambient air quality standards or increments, no air quality impact assessment is needed.

From a regulatory perspective, the only New Source Performance Standard (NSPS) for PM emissions that could apply to the above sources is 40 C.F.R. 60 Subpart IIII – Standards of Performance for Stationary Compression Ignition Internal Combustion Engines. This NSPS does not apply to the Project because the emergency generator will be restricted to 50 hours or less per year for non-emergency testing and maintenance. Other assumptions and regulatory analyses related to this equipment can be found in the initial PSD application for the VV2 Project.

Please let me or Sara Head, ENSR (805-388-3775) know if you have any questions about this supplemental information for the VV2 Project PSD application. We look forward to reviewing the proposed PSD permit when issued in the near-term.

Sincerely yours,

Thomas M. Barnett
Executive Vice President

cc: John Kessler, CEC
Jon Roberts, Victorville
Sara Head, ENSR
Michael Carroll, Latham & Watkins