

Alexander Crockett

From: Brian Lusher
Sent: Thursday, August 07, 2008 11:59 AM
To: Alexander Crockett
Cc: Brian Bateman; Bob Nishimura
Subject: FW: Follow up GGS Air Permit
Attachments: BAAQMD teleconference notes 080408.doc

FYI

-----Original Message-----

From: Allen, Thomas [mailto:HTA1@PGE.COM]
Sent: Wednesday, August 06, 2008 10:51 AM
To: Allen, Thomas; Royall, Steve; Nancy L. Matthews; Gary Rubenstein; sgalati@gb-LLP.com; Andrea@agrenier.com; Maring, Jon; Royall, Steve; Espiritu, Angel B; Brian Lusher; Phung, Hoc
Cc: Farabee, David R.
Subject: RE: Follow up GGS Air Permit

<<BAAQMD teleconference notes 080408.doc>>

All

Here are notes from our previous meeting that Nancy prepared. Let Nancy and me know if there are questions or comments

Tom Allen
Project Manager
Gateway Generating Station
925-459-7201 cell 415-317-4463

From: Allen, Thomas
Sent: Thursday, March 03, 2005 12:17 PM
To: Royall, Steve; 'Nancy L. Matthews'; 'Gary Rubenstein'; 'Scott Galati (sgalati@gb-LLP.com)'; 'Andrea@agrenier.com'; Maring, Jon; Royall, Steve; Espiritu, Angel B; 'blusher@baaqmd.gov'; Phung, Hoc
Cc: Farabee, David R.
Subject: Follow up GGS Air Permit
When: Wednesday, August 06, 2008 11:00 AM-11:30 AM (GMT-08:00) Pacific Time (US & Canada).
Where: GGS Conference Callin: 866-257-0480 *4159735105*

Gateway Generating Station Teleconference Notes
August 4, 2008

Participants:

BAAQMD	Alexander (Sandy) Crockett (staff attorney) Brian Bateman (head of Permit Services) Bob Nishimura (senior permitting engineer) Brian Lusher (permit engineer)
PG&E	Tom Allen Steve Royall Hoc Phung Angel Espiritu Teresa DeBono
Latham & Watkins	David Farabee
Sierra Research	Gary Rubenstein Nancy Matthews

Meeting Notes:

1. Discussion of Environmental Appeals Board Decision in the Russell City Energy Center licensing proceeding.

Sandy Crockett provided a summary of the EAB decision on the Russell City Energy Center PSD permit amendment and the timing implications of an EAB appeal for GGS. District was taken to task by EAB for not complying with noticing requirements of 40 CFR 124 and is concerned that the notice provided for the GGS amendment might also be viewed by EAB as deficient. Sandy is concerned that the EAB plaintiff in the RCEC case would appeal the GGS permit to the EAB on the same grounds. He indicated that the RCEC plaintiff had been in contact with Bob Sarvey, who had submitted public comments on the GGS draft permit. He noted that power plant project opponents such as Sarvey appear to have discovered that the EAB appeal process is an effective means of delaying projects since an EAB appeal stays the PSD permit for 6 months or more even if EAB ultimately rejects the appeal.

2. Renoticing under Section Title 40 Part 124 requirements. Area lists of interested parties by Region.

District believes that it may be preferable to renotify the amendment using a District-wide rather than a countywide notice list, resulting in a 30-day delay for issuance of the amended PSD permit but eliminating the RCEC plaintiff's ability to appeal this issue to the EAB.

Gary Rubenstein indicated that we expect the permit to be appealed to the EAB by Sarvey anyway. He stated that since the time-critical element for PG&E was the commission-related permit conditions, and since an appeal would stay the permit whether it had any merit or not, it's not clear that any time would be saved by renoticing the draft

permit. Sandy suggested that it may be easier for the EAB to dismiss the appeal without the notice issue.

3. Public Meeting may be required under Title 40 Part 124.

District also noted that if amendment is renoticed, comments could request a public hearing. Gary and David Farabee recommended that if the permit is renoticed, PG&E should request a public hearing so the hearing notice period could run concurrently with the comment period, avoiding additional delays.

4. AC amendment considered a non-major modification of PSD permit.

There was a discussion of the need for amended CO emission limits during commissioning. Gary and Steve Royall explained that the limits in the current permit are not adequate; if amendment is delayed beyond project startup, GGS may need to request variance from Hearing Board. Gary and Tom Allen indicated that GGS is exploring ways of reducing CO emissions during commissioning to comply with current limits, such as installing oxidation catalyst before first fire. Gary noted that under EPA policy, once a facility starts up, a non-major amendment no longer requires PSD review and public notice, so if amendment issuance were to be delayed until after startup the PSD issues could be moot. However, District could appear to be circumventing the regulatory process if it were to delay. If GGS were to withdraw permit amendment until after commissioning it would be hard for District staff to support, and the Hearing Board to grant, a variance.

5. Basis of revised annual CO limit.

Brian Lusher said he had received information from Sierra on this topic; it appeared to address his questions and he will contact Sierra directly if he had additional questions.

6. Additional discussion on fast start/rapid start technology and the possible implementation of this technology for this project.

District staff believe they need to address startup BACT in response to comments. Brian Lusher noted that he had received some information from Sierra to address this. Gary noted that EPA had addressed this issue in the Colusa PSD permit; Brian will look at the information PG&E has already submitted, and may request additional information, to assist in preparing his response. There was a general discussion of the physical changes necessary to implement fast start technology – software changes alone are not adequate-- and why this is not feasible for GGS at this point in project development.

Brian would like to include a warm startup time limit in the GGS permit as one way to address the BACT issue. There was a general discussion regarding the need to maintain the 900 lb/hr CO limit—that the hourly limits could not be lowered. The District understands this issue.

7. NH₃ Slip/Secondary PM

Brian Lusher indicated that the CEC staff was pressuring the BAAQMD staff on the proposal to raise the ammonia slip limit to 10 ppm. He had reviewed the District's studies on the contribution of ammonia to secondary particulate. Although previous District statements were that ammonia did not contribute to secondary particulate in the BAAQMD, some staff members were now reevaluating that position. He noted that many recent projects had accepted 5 ppm ammonia slip limits.

Gary pointed out that the 5 ppm slip limits for recent projects were proposed or accepted for other reasons, including BACT determinations (San Luis Obispo County APCD and SCAQMD), and these reasons are not relevant to GGS. He said that the District staff had been consistent in its position regarding the contribution of ammonia slip to secondary PM in the Bay Area, and that if the District staff changed the technical conclusions regarding atmospheric chemistry, GGS would accept that determination. However, the BAAQMD staff, not the CEC staff, were the experts on this air quality issue.

8. Excursion Language Necessary? Justification for Excursion Language?

Brian Lusher asked for some justification for the requested excursion language in the draft permit. Gary indicated that Sierra was working on an analysis of acid rain monitoring data to address the question, and that a summary of the analysis would be provided to the District when it was completed later this week.

9. CO₂ BACT

Brian Lusher said the District believes that CO₂ emissions need to be addressed in permit evaluations. Gary warned against including CO₂ emissions in a PSD permit evaluation because that could lead to making every project a major facility for CO₂. Sandy Crockett agreed with this concern.

Brian also indicated that the District was considering whether the modeling results for other non-PSD pollutants needed to be included in the public notice and engineering evaluation. Gary expressed concern that this could make it appear as if the entire PSD permit was subject to public notice, and not just the requested amendment. The District staff indicated that this was their intent, as a fallback position. Gary indicated that while PG&E could figure out a way to deal with delays related to the pending permit amendment, if there was even a slight chance that the public notice for the amendment could be construed as a rennotice of the entire PSD permit, and hence an appeal could stay the effectiveness of the initial PSD permit, PG&E would withdraw the amendment request.

The District staff agreed to continue to review these issues internally. A follow-up conference call was scheduled for 11 am Wednesday, August 6.

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