



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

April 1, 2008

Mr. Gerardo Rios – via email (R9AirPermits_sc@epa.gov)
USEPA Region IX, Mail Stop AIR-3
75 Hawthorne
San Francisco, CA 94105

SUBJECT: Reliant Energy, Etiwanda, Proposed San Gabriel Generating Station Project (SGGS);
Facility ID No. 115315, Location: 8996 Etiwanda Ave, Rancho Cucamonga, CA 91739; (07-
AFC-2)

Dear Mr. Rios:

The South Coast Air Quality Management District (AQMD) has received and reviewed permit applications for the proposed power plant described above. Reliant Energy is proposing to install and operate a 721 megawatt (MW) natural gas fired power plant located at the facility location shown above.

The purpose of this letter is to inform you that the AQMD has evaluated the subject permit applications and made a preliminary determination that the equipment will comply with all of the applicable requirements of our Rules and Regulations. As a result, AQMD is issuing a Preliminary Determination of Compliance (PDOC) and a proposed Title V Permit for the project.

Based on the emission potential, this project is subject to the public notice requirements of AQMD Rules 212 (Standards for Approving Permits) and 3006 (Title V), and has applied for a significant revision to their existing Title V Permit. Therefore, the PDOC and proposed revision to the Title V permit for this project are subject to a public notice and a 45-day EPA review and a 30-day public review and comment period under AQMD Rules 212 and 3006. Please find enclosed a public notice for the subject project issued in accordance with AQMD Rules 212 and 3006. The public notice provides for a 30-day public comment and a 45-day EPA review period prior to making a final decision on issuance of the permit, and is also being published in a newspaper of general circulation in the vicinity of the nearest affected area. Additionally, the notice is being forwarded to other interested parties.

Also please note that in addition to being required to offset all applicable emission increases pursuant to AQMD Rules 1303(b)(2) and 2005(b)(2) and meeting the emission standards and other requirements discussed in the attached analysis, prior to issuing a Final Title V Permit, Reliant Energy must also demonstrate to the satisfaction of the Executive Officer that it has met all of the other applicable requirements of Rule 1309.1. These additional requirements are intended to be satisfied prior to actual release of the Priority Reserve credits and issuance of the Final Title V Permit and include, but not limited to, the following summarized list of requirements:

Rule 1309.1(c)(2)

Reliant Energy agrees to a permit condition requiring Best Available Retrofit Control Technology (BARCT) for all existing sources in the District

Rule 1309.1(c)(2)

Reliant Energy pays a mitigation fee pursuant to subdivision (g).

Cleaning the air that we breathe.

Rule 1309.1(c)(3)

Reliant Energy conducts a due diligence effort as approved by the Executive Officer, to secure available ERCs for requested Priority Reserve pollutants. Such efforts shall include securing available ERCs including those available through state emission banks or creating ERCs through SIP approved credit generation programs as available.

Rule 1309.1(c)(4)

Reliant Energy enters into a long-term contract (at least one year) with the State of California to sell at least 50 percent of the portion of power which it has generated using the Priority Reserve Credits and the Executive Officer determines at the time of permitting, and based on consultations with State power agencies that the State of California is both entering into such long term contract and that a need for such contract exists at the time of permitting, if the facility is a net generator.

Rule 1309.1(d)(6)

Reliant Energy must use any ERCs held first, before access to the Priority Reserve is allowed.

Rule 1309.1(d)(14)

Reliant Energy must secure final certification and approval for this project from the CEC, and either enters into a long term contract with Southern California Edison Company or the San Diego Gas and Electric Company or the State of California to provide electricity in Southern California, or petition the AQMD Governing Board for a waiver of this requirement.

If you wish to provide comments or have any questions regarding this project, please contact Mr. Chris Perri at (909) 396-2696/ cperri@aqmd.gov or Mr. John Yee at (909) 396-2531/ jyee@aqmd.gov.

Sincerely,



Michael D. Mills, P.E.
Senior Manager
General Commercial & Energy Team
Engineering & Compliance

Enclosure

cc: Robert Lawhn, Reliant Energy

CERTIFIED MAIL/RETURN RECEIPT REQUESTED