



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 Hawthorne Street  
San Francisco, CA 94105-3901

December 7, 2012

Dave Valler, Air Pollution Control Officer  
Feather River AQMD  
1007 Live Oak Blvd., Suite B-3  
Yuba City, CA 95991

Re: Draft Title V Permit for Feather River Energy Center

Dear Mr. Valler:

Thank you for the opportunity to review the Feather River Air Quality Management District's (FRAQMD or District) proposed title V permit for the Feather River Energy Center (FREC), which we received on October 27, 2012. In accordance with FRAQMD Rule 10.3, we have reviewed the District's proposed permit during our 45-day review period.

During our review, we became aware that FREC is a Part 72 Acid Rain source; yet, the proposed permit does not contain any Acid Rain conditions. FRAQMD does not currently have authority to issue Acid Rain permits. In addition, we understand that there are three other sources in the District that are subject to the Acid Rain program. As we explain in our enclosed comments, the lack of authority to impose Acid Rain requirements or otherwise issue a permit that ensures compliance with the Acid Rain program should be remedied by the adoption of an Acid Rain rule to ensure proper implementation of your Title V permit program.

Please contact Roger Kohn at (415) 972-3973 or [kohn.roger@epa.gov](mailto:kohn.roger@epa.gov) if you have any questions about our comments, or want to discuss any specific issues we have raised.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gerardo C. Rios".

Gerardo C. Rios  
Chief, Permits Office  
Air Division

Enclosure

cc: Larry Sessions, FREC  
Michael Tollstrup, California Air Resources Board

**EPA Region 9 Comments**  
**Proposed Title V Permit – Feather River Energy Center**

1. It is our understanding, based on communication between EPA and District staff, that FREC is subject to title V permitting because it is required to obtain an Acid Rain permit. The proposed permit, however, does not contain conditions to ensure compliance with the applicable requirements of Part 72. Upon further review, we also discovered that FRAQMD lacks authority to issue Acid Rain permits. When EPA first approved title V programs in the mid-1990s, permitting authorities that did not have any Acid Rain sources and did not anticipate having any in the foreseeable future were not required to include Acid Rain rules in their title V program submittals. FRAQMD was one such permitting authority. However, since states must have the capability to implement the Acid Rain program as part of their title V programs, permitting authorities that do not have Acid Rain rules must adopt such rules when a new or existing source becomes subject to the Acid Rain program. According to the District, there are currently four sources in the District that are subject to the Acid Rain program: FREC, Greenleaf I (newly subject because the facility is no longer a “qualifying facility” as that term is defined in the Acid Rain regulations at 40 CFR Part 72.2), Greenleaf II/Yuba City Energy Center, and Sutter Energy Center. Since there are sources in your jurisdiction that are subject to the Acid Rain Program, the District should remedy this gap in authority by adopting an Acid Rain rule. We note that many California permitting authorities, including FRAQMD’s neighboring jurisdictions of Sacramento Metropolitan AQMD and Yolo-Solano AQMD, have adopted rules that incorporate the Acid Rain regulations at 40 CFR Part 72 by reference.
2. The District provided EPA a copy of Calpine’s Acid Rain application for the FREC, dated July 2002. If the current designated representative for the Acid Rain program is different from the representative that signed the Acid Rain application in 2002, the District must require FREC to submit an updated application, signed by the facility’s current designated representative. The District should also ensure that all other Acid Rain applications have been signed by the facilities’ current designated representatives.
3. The District’s statement of basis refers to permit shields for District rules 3.2 (Particulate Matter Concentrations), 3.10 (Sulfur Oxides), and NSPS Subpart GG (gas turbines). The proposed permit states “see permit shield” with respect to these applicable requirements, but does not contain any conditions with permit shields. If the District wants to include permit shields in the final permit it issues to FREC, it must provide EPA with an opportunity to review and comment on the draft permit shield provision language prior to issuance of a final permit. If any party other than EPA has commented on the shield issue, the District must also provide an additional opportunity to comment on any draft shield conditions it proposes. If the permit is finalized in its current form, it will not shield sources from Rules 3.2, 3.10, or NSPS Subpart GG.
4. Condition V.B.20 states that “The following records shall be continuously maintained on site for the most recent five-year period...” This language is unclear because it could be read to mean that record retention is linked to the five year permit term, e.g., that records created in the fourth year of the permit term could be discarded at the end of the permit term. The District should revise this language to state clearly that all records must be maintained on site for at least five years from the date the record was created.

5. Section VII of the permit, Insignificant Emission Units, states that "Insignificant emissions units or exempted equipment may be supplemented, replaced, or modified with identical or non-identical equipment without notice provided the *exemption status* has not changed as defined in current FRAQMD or federal rules" (emphasis added by EPA). This table appears to allow replacement or modification of the listed emission units without prior notice to the District; however, the table could be understood to mean that the listed units are exempt from applicable requirements other than NSR. In addition, there is a distinction between insignificant activities under Part 70 and permit-exempt units that might be identified in your new source review rules. Although Part 70 allows a state program to include a list of insignificant activities that need not be included in permit applications, title V permits must assure compliance with all applicable requirements even for emission units identified as insignificant. (Please refer to EPA's "White Paper Number 2 for Improved Implementation of The Part 70 Operating Permits Program" for a more detailed discussion of IEUs.) Moreover, we are not aware that your District's program includes an approved list of insignificant activities.

EPA recommends that FRAQMD delete references to IEUs in the table title and description, and add text to clarify that the listed emission units are exempt from NSR permitting but are subject to generally applicable requirements (which should be listed). The District should also delete equipment that is not exempt from NSR permitting pursuant to District Rule 4.3.

6. EPA agrees that the SCR system used to control NO<sub>x</sub> emission is not subject to the Compliance Assurance Monitoring (CAM) rule (40 CFR Part 64), but not for the reason stated in the District's statement of basis. The District states:

*The federal regulation exempts sources that are subject to NSPS monitoring requirements [40 CFR 64.2(b)(1)(i)]. Since the gas turbine is subject to the monitoring requirements of 40 CFR Subpart GG Section 60.334 it is exempt from Part 64 Compliance Assurance Monitoring*

The exemption cited by the District exempts "Emission limitations or standards proposed by the Administrator after November 15, 1990 pursuant to section 111 or 112 of the Act." This means that NSPS and NESHAP emission limits promulgated after this date do not trigger CAM. But, other emission limits that apply to the same emission units, such as District NSR limits that apply to the turbine, are not exempt and could trigger CAM. The statement of basis should be revised to state that the reason that CAM does not apply to the SCR system in this case is that the title V permit requires the use of "a continuous compliance determination method" (64.2(b)(1)(vi)), i.e. a continuous emissions monitoring system (CEMS) for NO<sub>x</sub>.

7. References to a "landfill gas collection and control system" in the table of contents of the permit, and to "cogeneration" in condition V.B.4 on page 25 of the permit should be deleted.