

17

To: The Bay Area Air Quality Management District Board of Directors.

I would like to demonstrate a major opportunity to preserve the bay area air quality and reduce global warming and protect the renewable energy industry.

Recently the air district approved 2 fossil fuel fired power plants in the city of Hayward. They are sandwiched between the shoreline federally protected Endangered species and habitats and a 69% minority and low income community.

PGEs next round of confidential purchase agreements is coming up. Additional Bay Area thermal power plants are eminent. The Bay Area is one of the cheapest, easiest places to pollute in the state. Carbon monoxide credits sold for an average of \$377 per ton in the bay area in 2006. The statewide average was 53 times higher at \$14,835 with a high of \$41,096. NO2 credits sold in the Bay area for an average of \$12,470. The Statewide average was \$81,650 per ton with a high of \$410,959 per ton. This would make the NO2 ERCs for a 600MW facility like Calpine has planned for Hayward \$10,653,720 cheaper than the state average and \$61,287,686 cheaper than the statewide high just by placing it in the bay area.

BAAQMD staff licensed obsolete technology for the Calpine facility despite the California Energy Commission recommending 2 options for modern technology that would reduce the NO2 emissions from 2213 pounds per day to 950 or 640 lbs per day. We are poised to become the emissions dump of the state.

Since the equipment approved is no longer manufactured (staff confirmed) that Calpine may install used equipment from another

district potentially generating ERCs in that district for installing new equipment there. If they brought it from Southern California Where the NO2 ERCs cost \$410,959 per ton they could generate \$45,567,000 worth of NO2 credits alone at 2006 prices, by installing modern equipment in Southern California and installing the old equipment here. Remember Calpine is the company that was fined \$6,000,000 by the Attorney Generals office for manipulating the energy market

Despite the opportunity to do so BAAQMD staff did not even measure the CO2 emissions from the 2 plants. If the Calpine facility conforms with SB 1368 it may emit 2,760,120 tons of CO2 per year. There is no evidence leading us to believe that it does conform. Compare that to the goals stated in the \$3,000,000 climate protection grant program of 350,000 Tons of greenhouse gas reductions over 5 years Calpine will emit that in about 8 days.

The second facility is a 115MW plant consisting of 14 locomotive sized reciprocating engines. It will emit 64.39 tons of particulate matter and 76.11 tons of POCs compared to Los Esteros 320 MW plant that proposed only 53.3 tons of PM and 28.3 tons of POCs per year

BAAQMD staff did not make findings of public benefit. They did not properly notify the public, the County, The City, BCDC, USFWS or others of their process. They did not have public hearings. They allowed the even cheaper POC credits to be substituted for NO2 credits.

Politicians, public health Officials environmental groups and the public lined up in resistance to the polluters believing that BAAQMD heard their concerns through mutual participation in the CEC Hearings. BAAQMD staff did not consider these comments or the public hearings in their approval of the plants.

The CEC did not determine that there was a need for the additional capacity in the bay area but the demand is increasing in the Sacramento area. The obligations of this much additional capacity will undermine renewable energy efforts throughout the region. When Communities choose Community Choice Aggregation and other renewable options the rejecting this type of power PGE will still receive a surcharge for the capacity investment.

This same thing can happen again in any Bay Area City if the board does not act.

Please issue a moratorium on ERC banking until better policies can be adopted. The credits were not contemporaneous some of them were from 1984. Encourage staff to follow existing rules and promote participation. Support my appeal docket No.3546 at least monitor the hearings and intervene from your respective positions throughout the Bay Area.

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