

November 1, 2007



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT
SINCE 1955

Russell City Energy Center
Calpine Corporation
4160 Dublin Blvd.
Dublin, CA 94568

Attention: Barbara McBride, Director, Safety, Health and Environment

ALAMEDA COUNTY
Tom Bates
Scott Haggerty
Janet Lockhart
Nate Miley

Application Number: 15487
Plant Number: 18136
Equipment Location:
Depot Rd and Cabot Blvd
Hayward, CA

CONTRA COSTA COUNTY
John Gioia
Mark Ross
(Chair)
Michael Shlmanaky
Gayle B. Ullkama

Dear Applicant:

This is the Authority to Construct and PSD permit for the following sources:

MARIN COUNTY
Harold C. Brown, Jr.

- S-1 Combustion Turbine Generator (CTG) #1, Westinghouse 501F, 2,038.6 MMBtu/hr maximum rated capacity, natural gas fired only; abated by A-1 Selective Catalytic Reduction System (SCR) and A-2 Oxidation Catalyst
- S-2 Heat Recovery Steam Generator (HRSG) #1, with Duct Burner Supplemental Firing System, 200 MMBtu/hr maximum rated capacity; Abated by A-1 Selective Catalytic Reduction (SCR) System and A-2 Oxidation Catalyst
- S-3 Combustion Turbine Generator (CTG) #2, Westinghouse 501F, 2,038.6 MMBtu/hr maximum rated capacity, natural gas fired only; abated by A-3 Selective Catalytic Reduction System (SCR) and A-4 Oxidation Catalyst
- S-4 Heat Recovery Steam Generator (HRSG) #2, with Duct Burner Supplemental Firing System, 200 MMBtu/hr maximum rated capacity; Abated by A-3 Selective Catalytic Reduction (SCR) System and A-4 Oxidation Catalyst
- S-5 Cooling Tower, 9-Cell, 141,352 gallons per minute
- S-6 Fire Pump Diesel Engine, Clarke JW6H-UF40, 300 hp, 2.02 MMBtu/hr rated heat input.

NAPA COUNTY
Brad Wagenknecht

SAN FRANCISCO COUNTY
Chris Daly
Jake McGoldrick
Gavin Newsom

SAN MATEO COUNTY
Jerry Hill
(Vice-Chair)
Carol Klatt

SANTA CLARA COUNTY
Erin Garner
Yoriko Kishimoto
Liz Kniss
Patrick Kwok

SOLANO COUNTY
John F. Silva

SONOMA COUNTY
Tim Smith
Pamela Torliatt
(Secretary)

The equipment described above is subject to condition number 23763.

For Federal PSD purposes and in accordance with 40 C.F.R. §§ 124.15 and 124.19, (1) the effective date of the permit shall be 30 days after the date of the final decision to issue, modify, or revoke and reissue the permit; and (2) if an appeal is made to the Environmental Appeals Board ("EAB") through the Administrator, the effective date of the permit shall be suspended until such time as the appeal is resolved. 40 C.F.R. § 124.19 contains procedures for appealing PSD permitting decisions.

Notification

Please contact your assigned Permit Engineer, listed in the correspondence section of this letter, by phone, by fax, or in writing at least three days before the initial operation of the equipment so that we may observe the

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Brian Burger

7/4/9
5000

Crocket

Boys' and Girls

A Crockett @

8/1/9

equipment in operation and verify conformance with the Authority to Construct. Operation includes any start-up of the source for testing or other purposes. Operation of equipment without notification to the District may result in enforcement action. Do not send start-up notifications to the Air Pollution Control Officer.

Start-up Period

After receipt of the start-up letter required above, this Authority to Construct authorizes operation during the start-up period from the date of initial operation noted in your start-up letter until the Permit to Operate is issued, up to a maximum of 90 days. All conditions (specific or implied) of the Authority to Construct are in effect during the start-up period.

Fees

District Regulation 3 requires a fee for each new Permit to Operate. You will be invoiced upon receipt of your start-up letter. No permits will be issued until all outstanding fees are paid.

Implied Conditions

In the absence of specific permit conditions to the contrary, the throughputs, fuel and material consumption, capacities, and hours of operation described in your permit application will be considered maximum allowable limits. A new permit will be required before any increase in these parameters, or change in raw material handled, may be made.

Expiration

In accordance with Regulation 2-1-407, this Authority to Construct expires two years from the date of issuance unless substantial use of the authority has begun.

Confidentiality

Unless you have already designated specifically identified materials in your permit application as confidential, under the California Public Records Act, all data in your permit application, the permit itself and all permit conditions will be considered a matter of public record and may be disclosed to a third party. Please contact your permit reviewer immediately if you wish to amend your permit application submittals or to designate certain permit conditions as confidential. Unless we hear from you within ten (10) calendar days of this letter, except for materials that have been previously designated as confidential, you shall be deemed to have waived any claim of confidentiality with respect to all materials in the District's files relating to this permit application.

Right of Entry

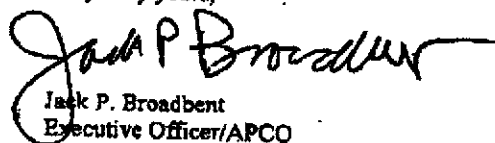
The Air Pollution Control Officer of the Bay Area Air Quality Management District, the Chairman of the California Air Resources Board, the Regional Administrator of the Environmental Protection Agency, and/or their designees, upon presentation of credentials, shall be granted the right of entry to any premises on which an air pollution source is located for the purposes of:

- A. The inspection of the source
- B. The sampling of materials used at the source
- C. The conduct of an emissions source test
- D. The inspection of any records required by District rule or permit condition.

Correspondence

Please include you application number with any correspondence with the District. The District's regulations may be viewed online at www.baqmnd.gov. If you have any questions on this matter, please call Weyman Lee, Senior Air Quality Engineer at (415) 749-4796. Startup information may be faxed to the Engineering Division at 415-749-5030.

Very truly yours,



Jack P. Broadbent
Executive Officer/APCO

CALPINE AND BECHTEL JOINT DEVELOPMENT

Vendor No. 0000000291 Check Date 05/24/2001 Check No. 001095

| Invoice Number | Invoice Date | Voucher ID | Gross Amount | Discount | Paid Amount |
|---|--------------|------------|--------------|----------|------------------------------|
| CKRQ052401 | 05/24/2001 | 00001722 | 249,300.00 | 0.00 | 249,300.00 |
| Vendor Name BAY AREA AIR QUALITY MGT DIST | | | | | Total Paid Amount 249,300.00 |

A/N 002896

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT. CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

CALPINE AND BECHTEL JOINT DEVELOPMENT
 6700 Koll Center Parkway, Suite 200
 Pleasanton, CA 94566
 (925) 600-2000

UNION BANK OF CALIFORNIA, N.A.
 California, Oregon, Washington

CHECK NUMBER **001095**

DATE 05/24/2001 AMOUNT ****\$249,300.00

PAY TO THE ORDER OF **BAY AREA AIR QUALITY MGT DIST**
 939 ELLIS STREET
 SAN FRANCISCO, CA 94109

Authorized Signature: *Andrea Syll*
Ana B. Curtis

COPT

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CALPINE AND BECHTEL JOINT DEVELOPMENT
 6700 Koll Center Parkway, Suite 200
 Pleasanton, CA 94566

LOG # 68694
 APPLIED \$249,300⁰⁰

BAY AREA AIR QUALITY MGT DIST
 939 ELLIS STREET
 SAN FRANCISCO, CA 94109

#13/61 Russell City