



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

MAR 30 2010

Mr. Joel Lepoutre
Thermal Energy Development Partnership, LP (TEDPLP)
14800 W. Schulte Road
Tracy, CA 95377



HEALTHY AIR LIVING™

**Re: Final - Authority to Construct / Certificate of Conformity (Significant Mod)
District Facility # N-1026
Project # N-1083786**

Dear Mr. Lepoutre:

The Air Pollution Control Officer has issued an Authority to Construct (N-1026-1-10) with a Certificate of Conformity to Thermal Energy Development Partnership, LP (TEDPLP) 14800 W Schulte Road, Tracy, California. TEDPLP had proposed to amend the condition of the biomass-fired boiler permit that requires them to submit legal binding contracts with the owners of agricultural sources by October 1 of each calendar year to cover the amount of offsets required for the following year. They had also proposed to include an emission offset calculation methodology. The company has also requested a Permit to Operate for the existing cooling tower.

Enclosed is the Authority to Construct. The application and proposal were sent to US EPA Region IX on May 6, 2009. All comments received have been addressed by the District. A summary of the comments and the District's response to each comment is included as an attachment to this letter.

The notice of final decision for this project will be published approximately three days from the date of this letter.

Prior to operating with modifications authorized by the Authority to Construct, you must submit an application to modify the Title V permit as an administrative amendment in accordance with District Rule 2520, Section 11.5.

Enclosed is an invoice for the engineering evaluation fees. Please remit the amount owed, along with a copy of the attached invoice, within 30 days.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400.

Sincerely,

David Warner
Director of Permit Services

DW: JK/cm

Enclosures

Seyed Sadredin

Executive Director/Air Pollution Control Officer

Northern Region

4800 Enterprise Way

Modesto, CA 95356-8718

Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)

1990 E. Gettysburg Avenue

Fresno, CA 93726-0244

Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region

34946 Flyover Court

Bakersfield, CA 93308-9725

Tel: 661-392-5500 FAX: 661-392-5585



MAR 30 2010

Gerardo C. Rios, Chief
Permits Office
Air Division
U.S. EPA - Region IX
75 Hawthorne St
San Francisco, CA 94105

**Re: Final - Authority to Construct / Certificate of Conformity (Significant Mod)
District Facility # N-1026
Project # N-1083786**

Dear Mr. Rios:

The Air Pollution Control Officer has issued an Authority to Construct (N-1026-1-10) with a Certificate of Conformity to Thermal Energy Development Partnership, LP (TEDPLP) 14800 W Schulte Road, Tracy, California. TEDPLP had proposed to amend the condition of the biomass-fired boiler permit that requires them to submit legal binding contracts with the owners of agricultural sources by October 1 of each calendar year to cover the amount of offsets required for the following year. They had also proposed to include an emission offset calculation methodology. The company has also requested a Permit to Operate for the existing cooling tower.

Enclosed is a copy of the Authority to Construct. The application and proposal were sent to US EPA Region IX on May 6, 2009. All comments received have been addressed by the District. A summary of the comments and the District's response to each comment is included as an attachment to this letter.

The notice of final decision for this project will be published approximately three days from the date of this letter.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400.

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MAR 30 2010

Mike Tollstrup, Chief
Project Assessment Branch
Air Resources Board
P O Box 2815
Sacramento, CA 95812-2815

**Re: Final - Authority to Construct / Certificate of Conformity (Significant Mod)
District Facility # N-1026
Project # N-1083786**

Dear Mr. Tollstrup:

The Air Pollution Control Officer has issued an Authority to Construct (N-1026-1-10) with a Certificate of Conformity to Thermal Energy Development Partnership, LP (TEDPLP) 14800 W Schulte Road, Tracy, California. TEDPLP had proposed to amend the condition of the biomass-fired boiler permit that requires them to submit legal binding contracts with the owners of agricultural sources by October 1 of each calendar year to cover the amount of offsets required for the following year. They had also proposed to include an emission offset calculation methodology. The company has also requested a Permit to Operate for the existing cooling tower.

Enclosed is a copy of the Authority to Construct. The application and proposal were sent to US EPA Region IX on May 6, 2009. All comments received have been addressed by the District. A summary of the comments and the permit changes are included as an attachment to this letter.

The notice of final decision for this project will be published approximately three days from the date of this letter.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400.

Sincerely,

David Warner
Director of Permit Services

DW: JK/cm

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**NOTICE OF FINAL DECISION
FOR THE ISSUANCE OF AUTHORITY TO CONSTRUCT**

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Air Pollution Control District has made its final decision to issue an Authority to Construct to Thermal Energy Development Partnership, LP (TEDPLP) for biomass to electric generation facility located at 14800 W Schulte Road, Tracy, California, California. TEDPLP had proposed to amend the condition of the biomass-fired boiler permit that requires them to submit legal binding contracts with the owners of agricultural sources by October 1 of each calendar year to cover the amount of offsets required for the following year. They had also proposed to include an emission offset calculation methodology. The company has also requested a Permit to Operate for the existing cooling tower.

The District's analysis of the legal and factual basis for this proposed action, project #N-1083786, is available for public inspection at the District office at the address below. For additional information regarding this matter, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400, or contact David Warner, Director of Permit Services, in writing at SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT, 4800 ENTERPRISE WAY, MODESTO, CA 95356.



AUTHORITY TO CONSTRUCT

PERMIT NO: N-1026-1-10

ISSUANCE DATE: 03/25/2010

LEGAL OWNER OR OPERATOR: THERMAL ENERGY DEV PARTNERSHIP LP

MAILING ADDRESS: 14800 W SCHULTE RD
TRACY, CA 95377-8795

LOCATION: 14800 W SCHULTE RD
TRACY, CA 95377

EQUIPMENT DESCRIPTION:

MODIFICATION OF: BABCOCK AND WILCOX 259 MMBTU/HR CONTROLLED-COMBUSTION ZONE BIOMASS FIRED BOILER SERVING A 20.5 MW ELECTRICAL GENERATOR: INCLUDE EMISSIONS OFFSET CALCULATION METHODOLOGY

CONDITIONS

1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District NSR Rule] Federally Enforceable Through Title V Permit
2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4, [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
3. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than 3-minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity, except for a period or periods of time aggregating no more than 30-minutes in any 24-hour period when the visible emissions result from startup or shutdown of the combustion process or from the malfunction of emission control equipment. Exemption from this requirement shall not apply to visible emissions that exceed a period or periods of time aggregating more than 30-minutes in any 24-hour period, or from visible emissions that result from the failure to operate and maintain in good working order, any emission control equipment. [District Rule 4101, 5.0; CH&SC 41704(n); and 40 CFR 60.43b (f) and (g)] Federally Enforceable Through Title V Permit
4. Particulate matter emissions from any combustion source shall not exceed 0.1 grains/dscf (calculated to 12% carbon dioxide). [District Rule 4301] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (209) 557-6400 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadreidin, Executive Director / APCO

DAVID WARNER, Director of Permit Services

N-1026-1-10: Mar 25 2010 11:58AM - KAHLONJ : Joint Inspection Required with KAHLONJ

5. The flue gas from the combustor shall be vented through an Electrostatic Precipitator (ESP) at all times, including the soot blowing periods. [District NSR Rule] Federally Enforceable Through Title V Permit
6. The ESP shall be equipped with working gauges indicating the corona (secondary) voltage and current. [District NSR Rule] Federally Enforceable Through Title V Permit
7. The boiler shall utilize limestone/lime injection for SO_x control and a thermal DeNO_x system (selective non-catalytic reduction system) utilizing ammonia injection for NO_x control. [District NSR Rule] Federally Enforceable Through Title V Permit
8. The particulate matter emissions shall not exceed 8.75 pounds during any one hour. [District NSR Rule] Federally Enforceable Through Title V Permit
9. The PM₁₀ emissions shall not exceed 8.75 pounds during any one hour. [District NSR Rule] Federally Enforceable Through Title V Permit
10. The SO_x emissions shall not exceed 6.25 pounds during any one hour. [District NSR Rule] Federally Enforceable Through Title V Permit
11. The NO_x emissions shall not exceed 27.2 pounds during any one hour. [District NSR Rule] Federally Enforceable Through Title V Permit
12. The CO emissions shall not exceed 74.4 pounds during any one hour. [District NSR Rule] Federally Enforceable Through Title V Permit
13. The CO emissions shall not exceed 1545.6 pounds per day. [District NSR Rule] Federally Enforceable Through Title V Permit
14. The CO emissions shall not exceed 537,280 pounds per year. [District NSR Rule] Federally Enforceable Through Title V Permit
15. The VOC emissions shall not exceed 12.8 pounds during any one hour. [District NSR Rule] Federally Enforceable Through Title V Permit
16. The ammonia emissions shall not exceed 100 ppm, by volume, at 3% O₂. [District NSR Rule] Federally Enforceable Through Title V Permit
17. The boiler shall be equipped with an automatic air/fuel ratio control system. [District NSR Rule] Federally Enforceable Through Title V Permit
18. This unit is subject to the requirements of 40 CFR Part 60, Subpart Db: Standards of Performance for Industrial-Commercial-Institutional Steam Generating Units. [District Rule 4001] Federally Enforceable Through Title V Permit
19. Natural gas fired burners shall be used during start-up to reach the solid fuel ignition temperature throughout the combustor before feeding any solid fuel. The natural gas burners shall be of staged combustion, low-NO_x design. [District NSR Rule] Federally Enforceable Through Title V Permit
20. The facility shall install, calibrate, maintain, and operate an oxygen continuous emission monitoring system at the stack location of the combustion unit, in accordance with 40 CFR 60.13 and 40 CFR 60 Appendices B and F. The sampling, analyzing, and data recording cycle shall be completed every successive 15 minute period. [District NSR Rule, 40 CFR 60, 40 CFR 64, District Rule 4352, and District Rule 1080, 4.0] Federally Enforceable Through Title V Permit
21. The facility shall install, calibrate, maintain, and operate a continuous opacity monitoring system in accordance with 40 CFR 60.48b, and 40 CFR 60 Appendices B and F. The sampling and analyzing cycle shall be completed every successive 10 second period, and the recording cycle shall be completed every successive 6 minute period. [40 CFR 60.48b, 40 CFR 64 and District Rule 1080, 4.0] Federally Enforceable Through Title V Permit
22. The facility shall install, calibrate, maintain, and operate a sulfur dioxide continuous emission monitoring system at the stack location of the combustion unit in accordance with 40 CFR 60.13 and 40 CFR 60 Appendices B and F. The sampling, analyzing, and recording cycle shall be completed every successive 15 minute period. [District NSR Rule, 40 CFR 60, 40 CFR 64 and District Rule 1080, 4.0] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

23. The facility shall install, calibrate, maintain, and operate a nitrogen oxides continuous emission monitoring system at the stack location of the combustion unit accordance with 40 CFR 60.13 and 40 CFR 60 Appendices B and F. The sampling, analyzing, and recording cycle shall be completed every successive 15 minute period. [District NSR Rule, 40 CFR 60, 40 CFR 64, District Rule 4352, and District Rule 1080, 4.0] Federally Enforceable Through Title V Permit
24. The facility shall install, calibrate, maintain, and operate a carbon monoxide continuous emission monitoring system at the stack location of the combustion unit accordance with 40 CFR 60 Appendices B and F. The sampling, analyzing, and recording cycle shall be completed every successive 15 minute period. [District NSR Rule, 40 CFR 60 and District Rule 1080, 4.0] Federally Enforceable Through Title V Permit
25. Except during the annual source test, compliance with the hourly emission limits of NO_x, CO, and SO_x shall be determined by the continuous monitoring and recording equipment and shall be based on a 24 hour rolling average. [District NSR Rule and 4352] Federally Enforceable Through Title V Permit
26. During the annual source test, compliance with the hourly emission limits of NO_x, CO, and SO_x shall be based on a 3 hour rolling average. [District NSR Rule and 4352] Federally Enforceable Through Title V Permit
27. The owner or operator shall record and maintain records of the amounts of each fuel combusted during each day and calculate the annual capacity factor individually for each fuel combusted during the reporting period. The annual capacity factor is determined on a 12-month rolling average basis with a new annual capacity factor calculated at the end of each calendar month. [District Rule 2201 and 40 CFR 60.49b(d)] Federally Enforceable Through Title V Permit
28. Adequate amounts of agricultural waste which otherwise would be disposed of by open burning shall be used as boiler fuel to provide offsets. [District NSR Rule] Federally Enforceable Through Title V Permit
29. The above ratios shall be used to mitigate the following daily emissions limits: PM - 263.7 lbs; NO_x - 726.3 lbs; CO - 1,472 lbs; VOC - 314.8 lbs. [District NSR Rule] Federally Enforceable Through Title V Permit
30. No later than December 1st of each calendar year, the permittee shall submit an Emission Offset Report to the District for the following calendar year. The Report shall include copies of creditable agricultural waste fuel purchase contracts for the following calendar year, including the quantity of offset credits they could generate, and the quantity of offset credits available from the Accrued Unused Offset Balance as determined by the Credit Accounting Report, as of October 1st of the current calendar year. The Report shall demonstrate that the quantity of all available and projected offsets to be generated for the following calendar year is equal or greater than the full amount of offsets required by this permit for the following calendar year. [District Rule 2201] Federally Enforceable Through Title V Permit
31. The amount of offsets required by this permit for the following calendar year is equal to the highest hourly, daily, monthly or annual emission rate limit contained in this permit for NO_x, SO_x, CO, VOC, PM and PM₁₀, calculated on an annualized basis. [District Rule 2201] Federally Enforceable Through Title V Permit
32. The permittee shall maintain a monthly Credit Accounting Report available for review by the District upon request. The Report shall demonstrate that sufficient credits were provided to fully offset the actual emissions emitted for each pollutant. The Report shall calculate each of the following monthly: Offset Credits Generated, Monthly Emission Rate, Offset Credit Surplus, Accrued Unused Offset Balance, and Expired Credits. The monthly calculations shall be completed by the 15th day of the following calendar month. The Offset Credits Generated shall be determined by multiplying the weight of each creditable fuel received with its respective open-burn emission factor and divide the resultant by the appropriate distance offset ratio (i.e. 1.2:1 or 2:1 for offset sources within 15 miles radius or outside 15 mile radius respectively). The Monthly Emission Rate shall be determined by multiplying the daily emission limit for each pollutant by the number of operating days in a month. The Offset Credit Surplus (or deficit) shall be determined by subtracting the Monthly Emission Rate from the Offset Credits Generated. The Accrued Unused Offset Balance shall be determined by summing the Offset Credit Surplus (or deficit) for each month, beginning in January 2001, and subtracting any Expired Credits. Expired Credits shall be determined by summing the Offset Credit Surplus (or deficit) for the previous 11 months and subtracting this value from the current Accrued Unused Offset Balance. Any positive value resulting from this calculation will determine the quantity of Expired Credits. [District Rule 2201] Federally Enforceable Through Title V Permit
33. The permittee shall maintain copies of each executed creditable agricultural waste fuel purchase contract. [District Rule 2201] Federally Enforceable Through Title V Permit
34. All such offset contracts shall become part of this Permit to Operate and shall be enforceable pursuant to the applicable rules and regulations. [District NSR Rule] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

35. No chemically treated wood products including painted or oil stained material other than pesticide sprayed agricultural waste shall be used as fuel. [District NSR Rule] Federally Enforceable Through Title V Permit
36. Source testing shall be conducted, using the methods and procedures approved by the District to demonstrate compliance with the VOC, NO_x, CO, PM₁₀, SO_x, particulate matter, and ammonia emission limits on an annual basis. [District NSR Rule] Federally Enforceable Through Title V Permit
37. Compliance with the hourly emission rates for NO_x, CO, VOC, SO_x, PM₁₀, and particulate matter and the ammonia concentration while source testing shall be determined using the arithmetic mean of the test runs as outlined in District Rule 1081-"Source Sampling" section 6.0. [District NSR Rule and 1081, 6.0] Federally Enforceable Through Title V Permit
38. The District must be notified 30 days prior to any compliance source testing and the permittee shall submit a source test plan for District approval at least 15 days prior to source test sampling. [District Rule 1081, 7.1] Federally Enforceable Through Title V Permit
39. The pre-test plan shall outline the test methods, procedures, and operating parameters for each source test required. [District Rule 1081, 7.1] Federally Enforceable Through Title V Permit
40. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081, 7.3] Federally Enforceable Through Title V Permit
41. No putrescible material shall be received at this facility and/or combusted in the boiler. [District NSR Rule] Federally Enforceable Through Title V Permit
42. Prior notification and District approval shall be required upon any new fuel usage. [District NSR Rule] Federally Enforceable Through Title V Permit
43. Source testing to measure concentrations of oxides of nitrogen (as NO₂) shall be conducted using EPA method 7E or CARB method 100. [District NSR Rule] Federally Enforceable Through Title V Permit
44. Source testing to measure concentrations of carbon monoxide (CO) shall be conducted using EPA method 10, or CARB methods 10 or 100. [District NSR Rule] Federally Enforceable Through Title V Permit
45. Source testing to measure the stack gas oxygen shall be conducted using EPA methods 3 or 3A, or CARB method 100. [District NSR Rule] Federally Enforceable Through Title V Permit
46. Source testing to measure concentrations of volatile organic compounds (VOC) shall be conducted using EPA methods 18 or 25, or CARB method 100. [District NSR Rule] Federally Enforceable Through Title V Permit
47. Source testing to measure concentrations of oxides of sulfur (SO_x) as SO₂ shall be conducted using EPA methods 6 or 8, or CARB method 100. [District NSR Rule] Federally Enforceable Through Title V Permit
48. Source testing to measure concentrations of total particulate emissions shall be conducted using CARB method 5. The results of each test shall not include ammonia sulfate compounds. [District NSR Rule] Federally Enforceable Through Title V Permit
49. Source testing to measure concentrations of PM₁₀ shall be conducted using EPA method 201 and 202, or EPA method 201a and 202, or CARB method 501 and 5. [District NSR Rule] Federally Enforceable Through Title V Permit
50. In lieu of performing a source test for PM₁₀, the results of the total particulate test may be used for compliance with the PM₁₀ emissions limit. [District NSR Rule] Federally Enforceable Through Title V Permit
51. Source testing to measure stack gas velocity shall be conducted using EPA method 2 or CARB method 2. [District NSR Rule] Federally Enforceable Through Title V Permit
52. Source testing to measure the stack gas moisture content shall be conducted using EPA method 4 or CARB method 4. [District NSR Rule] Federally Enforceable Through Title V Permit
53. Source testing to measure concentrations of NH₃ shall be conducted using Bay Area Air Quality Management District (BAAQMD) method ST-1B. [District NSR Rule] Federally Enforceable Through Title V Permit
54. Solid fuel higher heating value (hhv) shall be determined by ASTM Method D 2015, or ASTM Method E 711. [District Rule 4352, 6.2.2, and 6.4.1] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

55. All emission measurements shall be made with the unit operating at condition representative of normal operations. No compliance shall be established within two hours after a continuous period in which fuel flow to the unit is zero, or is shut off for 30 minutes or longer. [District Rule 4352, 6.4.2, and 6.4.3] Federally Enforceable Through Title V Permit
56. The permittee shall submit a written report to the APCO for each calendar quarter, within 30 days of the end of the quarter, including: time intervals, data and magnitude of excess emissions, nature and cause of excess emissions (if known), corrective actions taken and preventive measures adopted; averaging period used for data reporting shall correspond to the averaging period for each respective emission standard; applicable time and date of each period during which the CEM was inoperative (except for zero and span checks) and the nature of system repairs and adjustments; and a negative declaration when no excess emissions occurred. [District Rule 1080, 8.0, 40CFR60.49b(h)(1), and 40 CFR 64] Federally Enforceable Through Title V Permit
57. Result of continuous emissions monitoring must be reduced according to the procedures established in 40 CFR, Part 51, Appendix P, paragraph 5.0 through 5.3.3, or by other methods deemed equivalent by mutual agreement of the District, the ARB, and the EPA. [District Rule 1080, 7.2 and 40 CFR 64] Federally Enforceable Through Title V Permit
58. Within 96 hours, the operator shall report to the District any violation of the NO_x, CO, or SO_x emission standards indicated by the CEMS. [District Rule 1080, 9.0] Federally Enforceable Through Title V Permit
59. Operator shall notify the District no later than eight hours after the detection of a breakdown of the CEMS. The operator shall inform the District of the intent to shutdown the CEMS at least 24 hours prior to the event. [District Rule 1080, 10.0] Federally Enforceable Through Title V Permit
60. All records shall be retained for a minimum of five years, and shall be made available for District inspection upon request. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
61. Natural gas fuel usage shall be limited to an annual capacity factor of 10% or less based on the ratio of actual natural gas heat input and maximum potential heat input had the boiler unit been operating at maximum steady-state capacity for 8,760 hours per year. [District Rule 2201 and 40 CFR 60.44b(d)] Federally Enforceable Through Title V Permit
62. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of SJVUAPCD Rule 1080, Sections 4, 6.5, 6.6, 6.7, 7.2, 8.0, 9.0, and 10. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
63. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of SJVUAPCD Rule 4201. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
64. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of SJVUAPCD Rule 4301, Sections 5.1, 5.2.2, and 5.2.3. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
65. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of SJVUAPCD Rule 4352, Sections 5.1, and 5.3. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
66. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of SJVUAPCD Rules 4801. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
67. All electrostatic precipitator fields shall be in operation whenever the boiler is operated. The electrostatic precipitator secondary voltage and secondary current settings shall be maintained at levels sufficient to demonstrate a corona power (estimated as secondary voltage, in KiloVolts, multiplied by secondary current, in Amperes) of at least 3.0 KilovoltAmperes in field #1, 5.0 KilovoltAmperes in field #2, 5.0 KilovoltAmperes in field #3 and 12.0 KilovoltAmperes in field #4. Transient corona power disruptions due to arcs and sparks, or similar automatic functions of the electrostatic precipitator, shall not constitute deviations. The electrostatic precipitator shall be maintained in accordance with the manufacturer's recommendations, a copy of which shall be maintained on site. The [40 CFR 64] Federally Enforceable Through Title V Permit
68. The applicant shall record the secondary voltage and the secondary current for each electrostatic precipitator field at least four times daily. [40 CFR 64] Federally Enforceable Through Title V Permit



AUTHORITY TO CONSTRUCT

PERMIT NO: N-1026-13-0

ISSUANCE DATE: 03/25/2010

LEGAL OWNER OR OPERATOR: THERMAL ENERGY DEV PARTNERSHIP LP

MAILING ADDRESS: 14800 W SCHULTE RD
TRACY, CA 95377-8795

LOCATION: 14800 W SCHULTE RD
TRACY, CA 95377

EQUIPMENT DESCRIPTION:

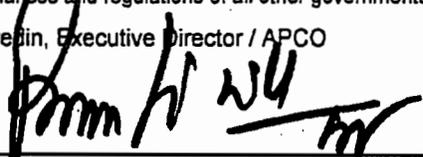
15,000 GALLONS PER MINUTE ECODYNE COOLING MODEL 02CFF-0707, 2 CELL (EACH 42 FT X 42 FT), COOLING TOWER EQUIPPED WITH BRENTWOOD INDUSTRIES MODEL CDX-150 "ISOMETRIC" DRIFT ELIMINATOR

CONDITIONS

1. This permit serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District NSR Rule] Federally Enforceable Through Title V Permit
2. The facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
3. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
4. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101] Federally Enforceable Through Title V Permit
5. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
6. No hexavalent chromium containing compounds shall be added to cooling tower circulating water. [District Rule 7012] Federally Enforceable Through Title V Permit

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (209) 557-6400 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadrejin, Executive Director / APCO



DAVID WARNER, Director of Permit Services

N-1026-13-0 : Mar 25 2010 11:58AM - KAHLONU : Joint Inspection Required with KAHLONU

District's Response to EPA Comments

On May 6, 2009, the San Joaquin Valley Air Pollution Control District made a preliminary decision and sent the project analysis to the CARB and EPA for review and comment. Also, the project was published in the local newspaper 'Stockton Record' for public review and comment.

Only EPA commented on this project. EPA's comments and associated permit changes are detailed here. The comments were on the proposed draft condition #34 on the draft permit N-1026-1-10, which was noticed during the preliminary review period. The stated condition is as follows:

"No later than 30 days prior to the beginning of each calendar quarter, the permittee shall provide the District with copies of legal, binding contracts with the owners of the offset sources which, when combined with the accrued unused offsets from the previous years plus any offsets available from the combustion of on-site agricultural waste will cover, at the minimum, the full amount of offsets required for the following quarter. The permittee shall also maintain an annual Emission Offset Credit Accounting Report available for review by the District upon request, demonstrating that sufficient offsets were provided over the previous calendar year. [District Rule 2201]"

Comment #1

The facility should secure enough fuel contracts to ensure that they have sufficient emission credits to offset plant emissions on annual basis. The proposed emission offsets on quarterly basis may not be acceptable for this project.

Response

The facility has proposed to add accrued unused offset balance from the previous 11 months into the next year's projected credit generation from the fuel contracts to demonstrate that they have sufficient emission credits to offset the required maximum emissions on annual basis. The accrued unused offset balance generated from less than 12-month old fuel is allowed to be added based on the language in condition number 30 in PTO N-1026-1-9, which states, "Any fuel which is not combusted in the boiler within 12 months of delivery to the site shall not have any value for emission credits purposes". The following conditions were decided to be included in the draft permit N-1026-1-10:

1. No later than December 1st of each calendar year, the permittee shall submit an Emission Offset Report to the District for the following calendar year. The Report shall include copies of creditable agricultural waste fuel purchase contracts for the following calendar year, including the quantity of offset credits they could generate, and the quantity of offset credits available from the Accrued Unused Offset Balance as determined by the Credit Accounting Report, as of October 1st of the current calendar year. The Report shall demonstrate that the quantity of all

available and projected offsets to be generated for the following calendar year is equal or greater than the full amount of offsets required by this permit for the following calendar year. [District Rule 2201]

2. The amount of offsets required by this permit for the following calendar year is equal to the highest hourly, daily, monthly or annual emission rate limit contained in this permit for NO_x, SO_x, CO, VOC, PM and PM₁₀, calculated on an annualized basis. [District Rule 2201]

Comment #2

Emission Offset Protocol, included in Appendix V of the engineering evaluation, appears to accumulate the emission credits from previous years, and do not expire the emission credits that are older than 12-months. This protocol may not be included as part of the proposed permit condition #34 on draft ATC N-1026-1-9.

Response

The source has submitted the revised calculation methodology. The detailed methodology is being included in the form of a permit condition.

1. The permittee shall maintain a monthly Credit Accounting Report available for review by the District upon request. The Report shall demonstrate that sufficient credits were provided to fully offset the actual emissions emitted for each pollutant. The Report shall calculate each of the following monthly: Offset Credits Generated, Monthly Emission Rate, Offset Credit Surplus, Accrued Unused Offset Balance, and Expired Credits. The monthly calculations shall be completed by the 15th day of the following calendar month. The Offset Credits Generated shall be determined by multiplying the weight of each creditable fuel received with its respective open-burn emission factor and divide the resultant by the appropriate distance offset ratio (i.e. 1.2:1 or 2:1 for offset sources within 15 miles radius or outside 15 mile radius respectively). The Monthly Emission Rate shall be determined by multiplying the daily emission limit for each pollutant by the number of operating days in a month. The Offset Credit Surplus (or deficit) shall be determined by subtracting the Monthly Emission Rate from the Offset Credits Generated. The Accrued Unused Offset Balance shall be determined by summing the Offset Credit Surplus (or deficit) for each month, beginning in January 2001, and subtracting any Expired Credits. Expired Credits shall be determined by summing the Offset Credit Surplus (or deficit) for the previous 11 months and subtracting this value from the current Accrued Unused Offset Balance. Any positive value resulting from this calculation will determine the quantity of Expired Credits. [District Rule 2201]
2. The permittee shall maintain copies of each executed creditable agricultural waste fuel purchase contract. [District Rule 2201]

Removed Permit Conditions:

The following conditions are found to be irrelevant due to language in the permit conditions listed under Response to Comment #2. Therefore, they are removed from the permit. Condition numbers are referenced from PTO N-1026-1-9.

28. To obtain an average daily emission offset credit, first a monthly emission offset profile is developed by multiplying the quantity of each fuel by its respective emission factor. [District NSR Rule]

29. Monthly emission credits are totalled for the year and multiplied by the appropriate offset ratio (1/2 or 1/1.2). The result is divided by the number of operating days during the year to establish an average daily offset credits. [District NSR Rule]

30. Any fuel which is not combusted in the boiler within 12 months of delivery to the site shall not have any value for emission credits purposes. [District NSR Rule]

31. The amount of fuel with no offset value shall be determined by subtracting the amount of fuel consumed by the boiler from the total amount of fuel received at the facility during any twelve month period. [District NSR Rule]