MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT
PROPOSED TITLE V OPERATING PERMIT TV73-01

24580 Silver Cloud Court
Monterey, CA 93940
Telephone: (831) 647-9411

ISSUED TO:

Salinas River Cogeneration Company
P.O. Box 80778
Bakersfield, CA 93380

PLANT SITE LOCATION:

Star Route 42, Wunpost Road
San Ardo, CA 93450

ISSUED BY:

Richard Stedman, Air Pollution Control Officer

July 1, 2013
Proposed Effective Date

Nature of Business: Cogeneration & Power Generation

SIC Code: 4931 - Electric & Other Services Combined

RESPONSIBLE OFFICIAL:

Name: Mr. Kelly S. Lucas
Title: Executive Director
Phone: (661) 615-4630

FACILITY CONTACT PERSON:

Name: Mr. Chris Minikin
Title: Plant Supervisor
Phone: (661) 615-4840

ALTERNATIVE RESPONSIBLE OFFICIALS:

Name: Mr. Neil Burgess
Title: Executive Director
Phone: (661) 615-4788

Name: Mr. Gaylord Edwards
Title: Business Manager
Phone: (661) 615-4675

Name: Mr. Alan Dartnell
Title: Instrument & Control Supervisor
Phone: (661) 615-4733

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FACILITY DESCRIPTION

The facility consists of a cogeneration plant.

Salinas River Cogeneration Company produces electricity through the expansion of fuel combusted in a gas turbine that is connected to a generator. Heat in the gas turbine exhaust is used to produce steam in a heat recovery steam generator, which is used as process steam for tertiary oil recovery in the San Ardo Oil Field. This facility is presently permitted by the District's local permitting program under Permit to Operate (PTO) 13433.

EQUIPMENT DESCRIPTION

COGENERATION FACILITY CONSISTING OF:

1. General Electric Frame 6 Gas Turbine, Model #PG6541B, Natural Gas Fired Only, 520 MMBTU/Hr Maximum Heat Input, 43.2 MW Electrical Output, Phase 6 Dry Low NO_x Combustion System, Evaporative Cooler And Air Filter On the Gas Turbine Air Inlet.

2. Nooter/Ericksen Heat Recovery Steam Generator Without Supplementary Heat Input Burners.

3. Mitsubishi Heavy Industries, LTD. Selective Catalytic Reduction NO_x Control System.

PERMIT SHIELD

Compliance with the conditions contained on this Title V permit shall be deemed compliance with the following applicable requirements as of the date of issuance of this permit based upon the criteria following each applicable requirement:

<u>40 CFR Part 60, Subpart A - New Source Performance Standards, General Provisions</u>
This facility is subject to the requirements of this part because they are subject to 40 CFR Part 60, Subpart GG. In their Title V application, the source has requested that the requirements of Subpart A be subsumed under the NSR permit requirements.

The District agrees, and asserts that compliance with the conditions on this Title V Permit shall be deemed compliance with the monitoring, record keeping, and reporting requirements contained in 40 CFR Parts 60.7, 60.8, and 60.13.

<u>40 CFR Part 60, Subpart GG - Standards of Performance for Stationary Gas Turbines</u>
The gas turbine at this facility is subject to the requirements of this NSPS. In addition to the back-end control using SCR, the turbine utilizes dry low NO_x combustors to control NO_x formation.

The NO_x emission factor from Section 60.332(a)(1) would be 75 ppmvd for the turbine. This 75 ppmvd

limit far exceeds the 6 ppmvd limit established by District Rule 207. Therefore, the NO_x limit from the NSPS will be subsumed under the NSR permit requirements included on this Title V permit.
The SO_2 limit from Section 60.333 would be 150 ppmv for the turbine. Compliance with this limit for the turbine is assumed due to the limit contained in the facility NSR permit of 0.5 lbs/hr. The SO_2 concentration at this permitted emission level would be 0.2 ppmv for the turbine [(0.5 lbs SO_2/hr)*((MM lbmoles SO_2)/(64.1 lbs SO_2))*((379 Ft3 Air)/(lbmole air))/((240,000 SDCFM)*(60 M/Hr)) = 0.2 ppmv].

This value is well below the 150 ppmv SO_2 allowed for in the NSPS. Therefore, the SO_2 emission standard from this NSPS will be subsumed under the NSR permit requirement that will be included on the permits.

The testing and monitoring requirements contained in Sections 60.334 and 60.335 will be subsumed under the testing and monitoring requirements established under the NSR permits and that is included on this Title V permit. This will include the annual emissions testing requirement and the requirement to monitor operations with the use of CEMs.

FEDERALLY ENFORCEABLE EMISSION LIMITS AND STANDARDS

1. The mass emission rates in the gas turbine exhaust discharged to the atmosphere shall not exceed the following limits: [District Rule 207]

Pollutant	Emission Rate lb/hr	lb/day
NO_x	10.0	240.0
CO	----	550.0
PM_{10}	3.0	72.0
VOC	4.3	103.0
SO_2	0.5	11.0
NH_3	6.4	153.6

Compliance with these emission limits shall be based upon a clock-hour average, and these limits shall not apply during start-up, which is not to exceed one hour in length, or shutdown, which is not to exceed one-half hour in length. Selective catalytic reduction (SCR) system controls, dry low NOx system controls, and good operating practices shall be used to the fullest extent during start-up to minimize pollutant emissions.

2. The emission concentration of oxides of nitrogen, as NO_2, in the turbine exhaust discharged to the atmosphere shall not exceed 6 ppmv dry, corrected to 15% O_2, or 0.021 pounds per million BTU heat input. Compliance with this emission standard shall be based upon a clock-hour average, and this limit shall not apply during start-up, which is not to exceed one hour in length, or shutdown, which is not to exceed one-half hour in length.

3. Exceedance of the hourly NO_x emission limits specified in condition numbers 1 and 2 is allowed during short-term excursions which total less than 10 hours per rolling 12-month period.

Short-term excursions are defined as 15-minute periods designated by Salinas River Cogeneration Company that are a direct result of a combustion flashback or combustion re-ignition (pre-mix mode switchover), not to exceed four consecutive 15-minute periods, when the 15-minute average NO_x concentration exceeds 6.0 ppmv dry corrected to 15% O_2.

The maximum 1-hour average NO_x concentration for periods that include short-term excursions shall not exceed 30 ppmv dry corrected to 15% O_2. All emissions during short-term excursions shall be included in all calculations of daily, and annual mass emissions required by this permit. [District Rule 207]

4. The emission concentration of ammonia in the turbine exhaust discharged to the atmosphere shall not exceed 10 ppmv dry, corrected to 15% O_2. Compliance with this emission standard shall be based upon a clock-hour average, and this limit shall not apply during start-up, which is not to exceed one hour in length, or shutdown, which is not to exceed one-half hour in length. [District Rule 207]

5. The gas turbine shall be fired only on natural gas. [District Rule 207]

6. Salinas River Cogeneration Company shall maintain a turbine start-up protocol for both hot and cold start-up, which details the procedures that will be used to minimize the pollutant emissions, and shall amend this protocol based on operating experience. ~~[District Rule 207]~~

7. The turbine shall undergo no more than one cold start-up per day. [District Rule 207]

8. The gas turbine shall comply with the requirements of 40 CFR Part 60, Subparts A and GG. [40 CFR Part 60, Subparts A & GG]

9. Operation must be conducted in compliance with all data and specifications submitted with the application. [District Rule 207]

10. The equipment must not be operated unless it is vented to the air pollution control equipment which is in full use. [District Rule 207]

11. Emissions recorded by the continuous emission monitoring system or performance tests which are in excess of the limitations contained in condition numbers 1 and 2 will be deemed violations of the applicable permit limits except as allowed by condition number 3. [District Rule 207]

12. Equipment must be properly maintained and kept in good operating condition. [District Rule 207]

13. Equipment shall not be operated unless the air pollution control equipment is in full use. [District Rule 207]

14. The Salinas River Cogeneration Company shall hold Sulfur Dioxide Allowances in the compliance subaccount for the gas turbine not less than the total annual emissions of sulfur dioxide for the previous calendar year. [District Rule 219]

15. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three (3) minutes in any one (1) hour which is as dark or darker than Ringelmann 1 or equivalent 20% opacity. [District Rule 400 Adopted 8/15/12]

16. Notwithstanding the requirements of condition number 15, no air contaminant shall be discharged into the atmosphere for a two (2) hour period from the gas turbine exhaust during start-up for a period or periods aggregating more than three (3) minutes in any one (1) hour which is as dark or darker than Ringelmann 2 or equivalent 40% opacity. [District Rule 400 Adopted 8/15/12]

17. Salinas River Cogeneration Company shall cause to be operated an ambient air monitoring station at a site approved by the District in Southern Monterey County, for PM_{10}, O_3, and standard meteorological parameters on a continuous basis, in accordance with EPA requirements contained in 40 CFR Part 58, and as deemed necessary in accordance with the Air Resources Board guidelines. The air monitoring station instrumentations shall be compatible with the District's daily data retrieval polling methods.

    The operation of the air monitoring station shall continue for the life of the project or until the Air Pollution Control Officer determines that good cause exists to discontinue monitoring. Good cause includes adequate technical justification submitted by the permitted that successfully proves that the continuation of all or part of the monitoring requirement is no longer necessary. [District Rule 207]

18. Salinas River Cogeneration Company shall comply with the requirements of 40 CFR Part 68 - Risk Management Plans. Salinas River Cogeneration Company's Risk Management Plan must be revised and updated no later than June 19, 2014 as required by 40 CFR §68.190. Salinas River Cogeneration Company shall certify compliance with these requirements as part of the annual compliance certification required by 40 CFR Part 70 and this permit. [40 CFR Part 68]

TESTING REQUIREMENTS AND PROCEDURES

19. An annual performance test shall be conducted during the month of January, February, or March. Salinas River Cogeneration Company shall conduct performance tests in accordance with EPA Method 20 for NO_x and O_2, EPA Method 10 for CO, EPA Method 18 for hydrocarbons, the collection method specified in BAAQMD Method 1B and the analysis specified in EPA Method 350.3 for ammonia to verify compliance with condition numbers 1, 2, and 4. Salinas River Cogeneration Company shall furnish the District written results of such performance tests within thirty (30) days of the test completion. A testing protocol shall be submitted to the District no later than 30 days prior to testing, and District notification at least 10 days prior to the actual date of testing shall be provided so that a District observer can be present. The compliance test shall include, but not be limited to, the determination of the following parameters [District Rule 207]:

    a. Oxides of Nitrogen, as NO_2: ppm at 15% O_2, dry and lb/hr.

    b. Carbon Monoxide: ppm at 15% O_2, dry and lb/hr.

    c. Ammonia: ppm at 15% O_2, dry and lb/hr.

    d. Volatile Organic Compounds (VOC) and TOG: ppmv and lb/hr.

and the following process parameters:

e. Natural gas consumption.

f. Electricity generated during the test.

g. Ammonia injected, NH_3/NO_x mole ratio, and lb/hr.

20. No testing is specified for the generic (District Rule 400) opacity requirement from condition numbers 15 and 16. The equipment is assumed to be in compliance with the opacity requirement due to historical operations and local compliance inspections without opacity violations. If testing is conducted for condition numbers 15 and 16, Salinas River Cogeneration Company should conduct testing in accordance with the methodology contained in EPA Method 9 or equivalent method and the averaging/aggregating period contained in District Rule 400. [District Rule 218]

MONITORING AND RECORD KEEPING REQUIREMENTS

21. The Salinas River Cogeneration Company shall monitor SO_2 emissions from the gas turbine in accordance with 40 CFR Part 72 and 75. [District Rule 219]

22. A CEM shall be calibrated and operated to measure the turbine exhaust discharged to the atmosphere. This system shall continuously record the measured gaseous concentrations, and calculate and continuously monitor and record the CO, CO_2 or O_2, and NO_x concentrations corrected to fifteen (15) percent oxygen (O_2) on a dry basis. [District Rules 201, 213, and 219]

    The equipment installed for the continuous monitoring of CO shall be maintained and operated in accordance with 40 CFR Part 60 Appendix F, and the equipment installed for the continuous monitoring of CO_2 or O_2 and NO_x shall be maintained and operated in accordance with 40 CFR Parts 72 and 75.

    For periods of missing CO data, CO hourly values shall be substituted from valid hourly average data from the previous thirty (30) unit operating days, excluding periods of startup and shutdown. The CO data shall be substituted based on equivalent incremental load ranges.

23. A written Quality Assurance program for the CEM must be established in accordance with 40 CFR Part 75, Appendix B for NO_x and 40 CFR Part 60, Appendix F for CO which includes, but is not limited to: procedures for daily calibration testing, quarterly linearity and leak testing, record keeping and reporting implementation, and relative accuracy testing. Additionally, a Quality Assurance/Preventative Maintenance manual as required by District Rule 213 must be submitted to and approved by the District. [District Rules 213 and 219]

24. A continuous monitoring system must be operated to monitor and record the fuel consumption in the gas turbine. This system must be accurate to within ± 5 percent. [District Rule 207; 40 CFR Part 60, Subpart GG]

25. A continuous monitoring system shall be operated to monitor and record the molar ratio of injected

ammonia to gas turbine outlet NOx. This system must be accurate to ±5 (five) percent. [District Rule 207]

26. Instrumentation must be operated to measure the inlet temperature to the SCR unit and pressure differential across the catalyst bed. [District Rule 207]

27. Salinas River Cogeneration Company shall monitor and record all start-up, shutdown, and operational profiles in a log maintained on site. [District Rules 207 and 218]

28. Salinas River Cogeneration Company shall submit to the Air Pollution District, upon request at the time of annual District (non Title V) Permit to Operate renewal, the annual natural gas fuel consumption, annual electricity generated, and annual emissions of NO_x, CO, VOC, and ammonia from this equipment for the preceding calendar year. [District Rule 207]

29. As applicable Salinas River Cogeneration Company shall maintain the following general records of required monitoring information [District Rule 218]:

A) the date and time of sampling or measurements;
B) the date(s) analyses were performed;
C) the company or entity that performed the analyses;
D) the analytical techniques or methods used;
E) the results of such analyses;
F) the operating conditions existing at the time of sampling or measurement; and
G) the records of quality assurance for continuous monitoring systems (including, but not limited to quality control activities, audits, and calibration drift checks) and source testing methods.

30. Salinas River Cogeneration Company shall retain records of all required monitoring data and support information for a period of at least five (5) years from the date of the monitoring, sample collection, measurement, report, and all original strip-chart recordings for continuous monitoring instrumentation, and copies of all reports required by the permit. [District Rule 218]

REPORTING REQUIREMENTS

31. Salinas River Cogeneration Company shall report breakdowns which results in the inability to comply with any emission standard or requirement contained on this permit to the Air Pollution Control Officer (APCO) within one hour of the occurrence; this one hour period may be extended up to six hours for good cause by the APCO. The APCO may elect to take no enforcement action if Salinas River Cogeneration Company demonstrates to the APCO's satisfaction that a breakdown condition exists.

The estimated time for repair of the breakdown shall be supplied to the APCO within twenty-four (24) hours of the occurrence, and a written report shall be supplied to the APCO within five (5) days after the occurrence has been corrected. This report shall include at a minimum [District Rule 214]:

A) a statement that the condition or failure has been corrected and the date of correction; and

B) a description of the reason(s) for the occurrence; and

C) a description of the corrective measures undertaken and/or to be undertaken to avoid such an occurrence in the future; and

D) an estimate of the emissions caused by the condition or failure.

32. Salinas River Cogeneration Company shall submit quarterly reports to the District, in a District approved format, within 30 days from the end of the quarter and these shall include [District Rules 207, 213 & 218]:

A) the time intervals, date and magnitude of excess emissions, nature and cause of the excess (if known), corrective actions and preventative measures adopted; and

B) the averaging period used for data reporting corresponding to the averaging period specified in the emission test period used to determine compliance with an emission standard for the pollutant in question; and

C) time and date of each period during which the continuous monitoring system was inoperative except for zero and span checks and the nature of system repairs and adjustments including quality assurance/preventative maintenance activities; and

D) all information pertaining to any monitoring as required by the permit (conditions 21 - 28); and

E) a negative declaration specifying when no excess emissions occurred; and

F) monthly turbine monitoring summaries to include average hourly and/or daily measurements of NO_x and CO emission rates in pounds and ppm, O_2 percent, fuel consumption, NH_3/NO_x ratio, and inlet temperature to the SCR unit.

33. The Salinas River Cogeneration Company shall submit quarterly Electronic Data Reports (EDR) to EPA. These reports must be submitted within 30 days following the end of each calendar quarter and shall include all information required in §75.64. [40 CFR Part 75]

34. Salinas River Cogeneration Company shall submit an annual compliance certification report to the District and U.S. EPA, in a District approved format, no later than February 15 for the period of January 1 through December 31 of the preceding year. [District Rule 218]

This report shall include a written statement from the responsible official which certifies the truth, accuracy, and completeness of the report and shall include at a minimum:

A) identification of each term or condition of the permit that is the basis of the certification; and

B) the compliance status; and

C) whether compliance was continuous or intermittent; and

D) the method(s) used for determining the compliance status of the source, currently and over the reporting period.

GENERAL CONDITIONS

35. Salinas River Cogeneration Company shall comply with all conditions of this federal operating permit. Any noncompliance with a permit condition constitutes a violation of the Federal Clean Air Act and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or for denial of a permit renewal application. [District Rule 218]

36. In an enforcement action, the fact that Salinas River Cogeneration Company would have to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit is not a defense. [District Rule 218]

37. This permit may be modified, revoked, reopened and reissued, or terminated for cause as determined by the District. The filing of a request by Salinas River Cogeneration Company for a permit modification, revocation and reissuance, or termination, or of a notification of planned changes or anticipated noncompliance does not stay any permit condition. [District Rule 218]

38. This permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of federal, state, or local laws or regulations. [District Rule 218]

39. Salinas River Cogeneration Company shall furnish to the District, within a reasonable time, any information that the District may request in writing to determine whether cause exists for modifying, revoking and reissuing, or terminating the permit, or to determine compliance with the permit. Upon request, Salinas River Cogeneration Company shall also furnish to the District copies of records required to be retained by this permit. [District Rule 218]

40. For applicable requirements that will become effective during the permit term, Salinas River Cogeneration Company shall meet such requirements on a timely basis unless a more detailed schedule is expressly required by the applicable requirement. [District Rule 218]

41. Any document submitted to the District pursuant to this permit shall contain certification by the responsible official of truth, accuracy and completeness. All certifications shall state that based on information and belief formed after reasonable inquiry, the statements and information in the document are true, accurate, and complete. Salinas River Cogeneration Company shall promptly, upon discovery, report to the District a material error or omission in these records, reports, plans, or other documents. [District Rule 218]

42. Salinas River Cogeneration Company shall report any violation of any requirement contained in this permit to the District within 96 hours after such occurrence. The violation report shall include the time intervals,

date and magnitude of excess emissions; nature and cause of the excess (if known), corrective actions and preventive measures adopted. [District Rule 218]

43. Upon any administrative or judicial challenge, all the emission limits, specific and general conditions, monitoring, record keeping, and reporting requirements of this permit, except those being challenged, remain valid and must be complied with. [District Rule 218]

44. For this federal operating permit to remain valid through the permit term of five years from the date of issuance, Salinas River Cogeneration Company shall pay an annual emission fee based upon the requirements of District Rule 308. [District Rule 218]

45. Salinas River Cogeneration Company shall have available at the facility at all times a copy of this federal operating permit. [District Rule 218]

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46. For protection from enforcement action based upon an emergency, as defined in District Rule 218, the responsible official for Salinas River Cogeneration Company shall submit to the District relevant evidence which demonstrates [District Rule 218]:

    A) an emergency occurred; and

    B) that Salinas River Cogeneration Company can identify the cause(s) of the emergency; and

    C) that the facility was being properly operated at the time of the emergency; and

    D) that all steps were taken to minimize the emissions resulting from the emergency; and

    E) within two working days of the emergency event, Salinas River Cogeneration Company provided the District with a description of the emergency and any mitigating or corrective actions taken.

47. Upon presentation of credentials, Salinas River Cogeneration Company shall allow the District, the ARB, the EPA, or an authorized representative, to perform the following [District Rule 218]:

    A) enter upon the premises where the federal operating permit source is located or in which any records are required to be kept under the terms and conditions of this federal operating permit;

    B) to have access to and copy any records required to be kept under the terms and conditions of this federal operating permit;

    C) to inspect any equipment, operation, or process described or required in this federal operating permit; and,

    D) to sample emissions from the source.

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MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT
PROPOSED TITLE IV ACID RAIN PERMIT

24580 Silver Cloud Court
Monterey, CA 93940
Telephone: (831) 647-9411

Proposed Effective Dates – July 1, 2013 through June 30, 2018

ISSUED TO:

Salinas River Cogeneration Company
P.O. Box 80778
Bakersfield, CA 93380

PLANT SITE LOCATION:

Star Route 42, Wunpost Road
San Ardo, CA 93450

ISSUED BY:

Richard Stedman, Air Pollution Control Officer

July 1, 2013
Proposed Effective Date

ORIS Code: 50865

Nature of Business: Electric Power Generation

SIC Code: 4911 - Electric Power Generation

DESIGNATED REPRESENTATIVE:

Name: Mr. Kelly S. Lucas
Title: Executive Director
Phone: (661) 615-4630

ALTERNATIVE DESIGNATED REPRESENTATIVE:

Name: Mr. Neil Burgess
Title: Executive Director
Phone: (661) 615-4788

ACID RAIN PERMIT CONTENTS

1) Statement of Basis

2) SO_2 allowances allocated under this permit and NO_x requirements for each affected unit.

3) Comments, notes and justifications regarding permit decisions and changes made to the permit application forms during the review process, and any additional requirements or conditions.

4) The permit application submitted for this source. The owners and operators of the source must comply with the standard requirements and special provisions set forth in the application.

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1) STATEMENT OF BASIS

Statutory and Regulatory Authorities: In accordance with District Rules 218 and 219 and Titles IV and V of the Clean Air Act, the Monterey Bay Unified Air Pollution Control District issues this permit pursuant to District Rules 218 and 219.

2) SO_2 ALLOWANCE ALLOCATIONS

	Pollutant	Requirement
UNIT 1	SO_2 Emissions Limitation	The Salinas River Cogeneration Company shall hold SO_2 allowances, as of the allowance transfer deadline, in this unit's compliance subaccount not less than the total annual emissions of SO_2 for the previous calendar year from this unit.
	NO_x Emissions Limitation	This unit is not subject to the NO_x requirements from 40 CFR Part 76 as this unit is not capable of firing on coal.

3) COMMENTS, NOTES AND JUSTIFICATIONS

None

4) PERMIT APPLICATION

Attached

United States
Environmental Protection Agency
Acid Rain Program

OMB No. 2060-0258

Acid Rain Permit Application

For more information, see instructions and refer to 40 CFR 72.30 and 72.31

This submission is: ☑ New ☐ Revised

STEP 1

Identify the source by plant name, State, and ORIS code.

Plant Name SALINAS RIVER COGENERATION COMPANY State CA ORIS Code 50865

STEP 2

Enter the unit ID# for every affected unit at the affected source in column "a." For new units, enter the requested information in columns "c" and "d."

a	b	c	d
Unit ID#	Unit Will Hold Allowances in Accordance with 40 CFR 72.9(c)(1)	New Units Commence Operation Date	New Units Monitor Certification Deadline
UNIT #1	Yes	3/6/1992	6/4/2007
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		
	Yes		

SALINAS RIVER COGENERATION COMPANY
Plant Name (from Step 1)

STEP 3

Read the standard requirements

Permit Requirements

(1) The designated representative of each affected source and each affected unit at the source shall:
(i) Submit a complete Acid Rain permit application (including a compliance plan) under 40 CFR part 72 in accordance with the deadlines specified in 40 CFR 72.30; and
(ii) Submit in a timely manner any supplemental information that the permitting authority determines is necessary in order to review an Acid Rain permit application and issue or deny an Acid Rain permit;
(2) The owners and operators of each affected source and each affected unit at the source shall:
(i) Operate the unit in compliance with a complete Acid Rain permit application or a superseding Acid Rain permit issued by the permitting authority; and
(ii) Have an Acid Rain Permit.

Monitoring Requirements

(1) The owners and operators and, to the extent applicable, designated representative of each affected source and each affected unit at the source shall comply with the monitoring requirements as provided in 40 CFR part 75.
(2) The emissions measurements recorded and reported in accordance with 40 CFR part 75 shall be used to determine compliance by the unit with the Acid Rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.
(3) The requirements of 40 CFR part 75 shall not affect the responsibility of the owners and operators to monitor emissions of other pollutants or other emissions characteristics at the unit under other applicable requirements of the Act and other provisions of the operating permit for the source.

Sulfur Dioxide Requirements

(1) The owners and operators of each source and each affected unit at the source shall:
(i) Hold allowances, as of the allowance transfer deadline, in the unit's compliance subaccount (after deductions under 40 CFR 73.34(c)), or in the compliance subaccount of another affected unit at the same source to the extent provided in 40 CFR 73.35(b)(3), not less than the total annual emissions of sulfur dioxide for the previous calendar year from the unit; and
(ii) Comply with the applicable Acid Rain emissions limitations for sulfur dioxide.
(2) Each ton of sulfur dioxide emitted in excess of the Acid Rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Act.
(3) An affected unit shall be subject to the requirements under paragraph (1) of the sulfur dioxide requirements as follows:
(i) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or
(ii) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR part 75, an affected unit under 40 CFR 72.6(a)(3).
(4) Allowances shall be held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.
(5) An allowance shall not be deducted in order to comply with the requirements under paragraph (1) of the sulfur dioxide requirements prior to the calendar year for which the allowance was allocated.
(6) An allowance allocated by the Administrator under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the Acid Rain permit application, the Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
(7) An allowance allocated by the Administrator under the Acid Rain Program does not constitute a property right.

STEP 3, Cont'd.

Nitrogen Oxides Requirements The owners and operators of the source and each affected unit at the source shall comply with the applicable Acid Rain emissions limitation for nitrogen oxides.

Excess Emissions Requirements

(1) The designated representative of an affected unit that has excess emissions in any calendar year shall submit a proposed offset plan, as required under 40 CFR part 77.
(2) The owners and operators of an affected unit that has excess emissions in any calendar year shall:
(i) Pay without demand the penalty required, and pay upon demand the interest on that penalty, as required by 40 CFR part 77; and
(ii) Comply with the terms of an approved offset plan, as required by 40 CFR part 77.

Recordkeeping and Reporting Requirements

(1) Unless otherwise provided, the owners and operators of the source and each affected unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the Administrator or permitting authority:
(i) The certificate of representation for the designated representative for the source and each affected unit at the source and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative;
(ii) All emissions monitoring information, in accordance with 40 CFR part 75, provided that to the extent that 40 CFR part 75 provides for a 3-year period for recordkeeping, the 3-year period shall apply.
(iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and,
(iv) Copies of all documents used to complete an Acid Rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the requirements of the Acid Rain Program.
(2) The designated representative of an affected source and each affected unit at the source shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR part 72 subpart I and 40 CFR part 75.

Liability

(1) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, a complete Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement pursuant to section 113(c) of the Act.
(2) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to section 113(c) of the Act and 18 U.S.C. 1001.
(3) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.
(4) Each affected source and each affected unit shall meet the requirements of the Acid Rain Program.

SALINAS RIVER COGENERATION COMPANY
Plant Name (from Step 1)

Step 3, Cont'd.

Liability, Cont'd.

(5) Any provision of the Acid Rain Program that applies to an affected source (including a provision applicable to the designated representative of an affected source) shall also apply to the owners and operators of such source and of the affected units at the source.
(6) Any provision of the Acid Rain Program that applies to an affected unit (including a provision applicable to the designated representative of an affected unit) shall also apply to the owners and operators of such unit. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO_x averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR part 75 (including 40 CFR 75.16, 75.17, and 75.18), the owners and operators and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.
(7) Each violation of a provision of 40 CFR parts 72, 73, 74, 75, 76, 77, and 78 by an affected source or affected unit, or by an owner or operator or designated representative of such source or unit, shall be a separate violation of the Act.

Effect on Other Authorities

No provision of the Acid Rain Program, an Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8 shall be construed as:
(1) Except as expressly provided in title IV of the Act, exempting or excluding the owners and operators and, to the extent applicable, the designated representative of an affected source or affected unit from compliance with any other provision of the Act, including the provisions of title I of the Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;
(2) Limiting the number of allowances a unit can hold; *provided,* that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Act;
(3) Requiring a change of any kind in any State law regulating electric utility rates and charges, affecting any State law regarding such State regulation, or limiting such State regulation, including any prudence review requirements under such State law;
(4) Modifying the Federal Power Act or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
(5) Interfering with or impairing any program for competitive bidding for power supply in a State in which such program is established.

STEP 4

Read the certification statement, sign, and date

Certification

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name KELLY LUCAS	
Signature Kelly Lucas	Date 1-21-2008