

**MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT
TITLE V OPERATING PERMIT TV58-01**

EVALUATION REPORT

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

APPLICATION RECEIVED FROM:

Calpine King City Cogen, LLC & Gilroy Energy Center, LLC for King City Energy Center
750 Metz Road
King City, CA 93930

PLANT SITE LOCATION:

750 Metz Road
King City, CA 93930

APPLICATION PROCESSED BY:

Mike Sewell, Air Quality Engineer

APPROVED FOR RELEASE BY:



Gregory Chee
Engineering Division Supervisor

SEP - 7 2011

Date

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Dated: September 6, 2011

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Nature of Business: Cogeneration & Power Generation

SIC Codes: 4931 - Electric & Other Services Combined
4911 - Electric Power Generation

RESPONSIBLE OFFICIAL:

Name: Mr. Eugene Fahey
Title: General Manager - Central Coast Projects
Phone: (831) 385-7942

FACILITY CONTACT PERSON:

Name: Mr. John Snead
Title: Operations & Maintenance Manager
Phone: (831) 385-7941

ALTERNATIVE RESPONSIBLE OFFICIALS:

Name: Mr. John Snead
Title: Operations & Maintenance Manager
Phone: (831) 385-7941

Name: Ms. Maria Barroso
Title: Compliance Manager
Phone: (831) 385-7943

TABLE OF CONTENTS

PROJECT DESCRIPTION 3

FACILITY DESCRIPTION 3

EQUIPMENT DESCRIPTION 3

APPLICABLE FEDERAL REQUIREMENTS 4

COMPLIANCE DETERMINATION FOR APPLICABLE FEDERAL REQUIREMENTS 5

THE FOLLOWING WILL BE INCLUDED ON THE TITLE V PERMIT: 10

PERMIT SHIELD 10

FEDERALLY ENFORCEABLE EMISSION LIMITS AND STANDARDS 11

TESTING REQUIREMENTS AND PROCEDURES 17

MONITORING AND RECORD KEEPING REQUIREMENTS 20

REPORTING REQUIREMENTS 23

GENERAL CONDITIONS 24

TITLE IV ACID RAIN PERMIT 27

PROJECT DESCRIPTION

This application is for renewal of the Title V Permit for this facility.

FACILITY DESCRIPTION

The facility consists of Calpine King City Cogen, LLC, a combined cycle cogeneration plant and the Gilroy Energy Center, LLC for King City, a simple cycle combustion turbine.

Calpine King City Cogen, LLC produces most of the electricity through the expansion of fuel combusted (natural gas or fuel oil) in a gas turbine that is connected to a generator. Heat in the gas turbine exhaust is used to produce high-pressure steam in a heat recovery steam generator, which is used to produce additional electricity from a steam turbine/generator. Low pressure steam extracted from this system is used as process steam at the Jerry and Suzanne Rava, Family Limited Partnership's plant. In addition, two auxiliary boilers are located at the facility and are used to provide process steam in order to maximize electrical power production from the steam turbine/generator during peak power production periods or when the gas turbine is not operating. This facility is permitted by the District's local permitting program under Permits to Operate (PTOs) 14716, 14743, and 14744.

The Gilroy Energy Center, LLC for King City was constructed and is in operation as authorized by the California Energy Commission's Adoption Order for Docket Number 01-EP-6 dated May 2, 2001 and by District Authority to Construct (ATC) 10738 issued on July 30, 2001 and District Permit to Operate (PTO) 10738 issued on October 22, 2002, the quarterly and annual NO_x emission limits were modified by ATC 11435 issued on February 5, 2003 and PTO 11435 issued on March 3, 2003 and PTO 11609 issued on June 25, 2003, the testing frequency was modified by PTO 12304 issued on August 11, 2005, the DAHS was updated under PTO 14085 issued on October 8, 2009, and further refined by PTO 14717 issued on December 1, 2010. This simple cycle combustion turbine is fired exclusively on natural gas.

EQUIPMENT DESCRIPTION

UNIT 1 - COGENERATION FACILITY CONSISTING OF:

- 1a. Gas Turbine Generator, General Electric Frame 7, Model EA 7001, Rated At 941.1 MMBtu/Hr Maximum Heat Input And 85.7 MW Maximum Electrical Output, Steam Injection For NO_x Control, 5 Lbm H₂O/Lbm Fuel Design Midpoint.
- 1b. Water Tube Type Heat Recovery Steam Generator, Nooter/Eriksen, High Pressure Steam Capacity: 272,000 Lbs/Hr @ 1475 psia and 930°F, Low Pressure Steam Capacity: 87,900 Lbs/Hr @ 100 PSIA Saturated.
- 1c. Steam Turbine Generator, Asea-BBC Dual Admission, Dual Extraction, High Pressure Turbine Model HT-16, Low Pressure Turbine Model LT-25, Generator Model Brush BDAX 7-225ERH, 37.6 MW Rated Electrical Output.
- 1d. Condenser, Graham Manufacturing Model 79130, Water Cooled Shell And Tube Condenser Rated At 272 MMBtu/Hr.
- 1e. Cooling Tower, Hamon Cooling Towers, Three Cell Counterflow Cooling Tower Rated At 300 MMBtu/Hr,

24,000 GPM Rating, Drift Loss: 0.002%.

- 1f. Selective Catalytic Reduction NO_x Control System, Mitsubishi Heavy Industries Titanium Oxide Grid Honeycomb Type Catalyst, 1846 Cubic Feet Of Catalyst, Consisting Of: Twenty Eight Vertically Stacked Catalyst Modules, Each Holding 200 Ceramic Blocks Containing The Active Catalyst, Each Block Measuring 6" x 6" x 16", With 5 mm Catalyst Pitch.
- 1g. Ammonia Injection System Consisting Of: Two Ammonia Dilution Blowers, Each 10 Hp, 700 SCFM @ 40" W.G. Static Pressure, Combining Anhydrous Ammonia And Dilution Air; Ammonia Injection Grid With Thirty 2 Inch Distribution Pipes Configured Vertically Across The Duct, Each With Twenty Four Injection Nozzles.
2. Two Nebraska Model NS-F-86 Water Tube Boilers, Each Designed To Produce 121,120 Lbs/Hr Saturated Steam at 170 PSIG, Each With Coen Model 275 Type DAF Multi-Staged Low NO_x Burners Designed For A Maximum Heat Input Of 143 MMBtu/Hr And Two Stage Flue Gas Recirculation With A Design Rate Of 15%, And CO Control Provided By An Engelhard Catalytic Carbon Monoxide Converter With 21.24 Cubic Feet Of Ceramic Honeycomb Type Precious Metal Coated Catalyst Consisting Of Twelve Catalyst Modules, Each Measuring 24.5" x 24.5" x 6.4" Located Between The Boiler Flue Gas Outlet And Economizer Inlet On Each Boiler.

UNIT 2 - SIMPLE CYCLE GAS TURBINE CONSISTING OF:

- 2a. Simple Cycle Natural Gas Fired Gas Turbine Generator, Model LM6000PD, Rated At 500 MMBtu/Hr Maximum Heat Input And 49.6 MW Nominal Electrical Output, Dry Low NO_x Combustor To Control NO_x Formation.
- 2b. Selective Catalytic Reduction NO_x Control System.
- 2c. Oxidation Catalyst For Carbon Monoxide Control.
- 2d. CEM System Designed To Continuously Record The Measured Gaseous Concentrations, And Calculate And Continuously Monitor And Record The NO_x And CO Concentrations Corrected To Fifteen (15) Percent Oxygen (O₂) On A Dry Basis.
- 2e. Chiller Cooling Tower With A Design Water Recirculation Rate Of 4,160 Gallons Per Minute.

ANCILLARY EQUIPMENT:

Emergency 170 Bhp Diesel Engine-Fire Pump Set.

Exempt Abrasive Blasting Equipment.

APPLICABLE FEDERAL REQUIREMENTS

- Rule 200 - Permits Required
- Rule 201 - Sources Not Requiring Permits
- Rule 207 - Review of New or Modified Sources
- Rule 213 - Continuous Emissions Monitoring

Rule 214 - Breakdown Condition
Rule 218 - Title V: Federal Operating Permits
Rule 219 - Title IV: Acid Deposition Control
Rule 308 - Title V: Federal Operating Permit Fees
Rule 400 - Visible Emissions
Rule 403 - Particulate Matter
Rule 404 - Sulfur Compounds and Nitrogen Oxides
Rule 412 - Sulfur Content of Fuels
Rule 426 - Architectural Coatings
40 CFR Part 60, Subpart A - New Source Performance Standards, General Provisions
40 CFR Part 60, Subpart Db - Standards of Performance for Industrial-Commercial-Institutional Steam Generating Units
40 CFR Part 60, Subpart GG - Standards of Performance for Stationary Gas Turbines
40 CFR Part 68- Risk Management Planning: Accidental Release Prevention (Section 112r)
40 CFR Part 72 - Acid Rain
40 CFR Part 82 - Protection of Stratospheric Ozone

COMPLIANCE DETERMINATION FOR APPLICABLE FEDERAL REQUIREMENTS

Rule 200 - Permits Required

This facility has historically complied with the requirements of this rule and continued compliance is expected.

Rule 201 - Sources Not Requiring Permits

This rule identifies which equipment is exempt from District permitting requirements.

Rule 207 - Review of New or Modified Sources

The District's Final Determination of Compliance (DOC) for the cogeneration facility was submitted to the California Energy Commission (CEC) on December 3, 1986. The permit conditions contained in the DOC are federally enforceable since the conditions were included in the Application for Certification (AFC) as accepted by the CEC, and by the requirement that an AFC is equivalent to an ATC.

The federally enforceable conditions contained in the DOC were modified based upon applications received from the source on May 28, 1993. These applications requested that the requirement to conduct ambient monitoring for CO be removed from the permits. On July 1, 1993, the District notified the CEC of the requested permit change. On March 16, 1994, the CEC Board issued Order 94-0316-10(l) allowing the removal of the CO monitoring requirement, with this order being forwarded to the source in a letter dated April 4, 1994 (the District received this document by fax on July 7, 1995 from the source). While waiting for the CEC order, it was determined that the auxiliary boilers at low load were not capable of operating in compliance with the NO_x limits established under the DOC. Therefore, the federally enforceable conditions on the auxiliary boiler permits were further modified.

The above permit modifications are federally enforceable due to the fact that they went through the public notice process in Rule 207, which included a 30-day public comment period. This notice included information on: 1) the modification of the NO_x concentration limits for boiler operation at loads at or below 40 percent from 40 ppm to 100 ppm during firing on natural gas; 2) specify the averaging period for the concentration limits as a one hour average; 3) provide an exemption from the mass and concentration limits for specified periods of time during the start-up and shutdown of the boilers; and 4) remove the requirement to conduct ambient monitoring of CO. No comments were received by the District regarding the proposed permit modifications. Therefore, revised PTOs 6964 - 6966 were

issued on September 29, 1995. Based upon issues raised by the CEC in a November 9, 1995 phone call, the boiler permits were further revised (PTOs 6964A and 6965A) such that the boilers would not be exempt from the mass emission limits during start-up and shutdown.

The facility underwent a change of ownership and PTOs 8427 - 8429 were issued to reflect this change on May 2, 1996. In the initial Title V application submitted by Calpine King City Cogeneration, LLC, all conditions contained on PTOs 8427 - 8429 were included as being federally enforceable on the initial Title V permit.

On May 5, 1997, it was determined by the District that administrative changes were necessary on PTO 8429 to incorporate start-up and shutdown provisions omitted during the initial local permit issuance process. The District completed the local permitting process and on August 6, 1997 issued PTO 8429A incorporating the start-up and shutdown provisions on Conditions 2, 4 and 8. During this permitting process, it was determined that Calpine King City Cogeneration, LLC was required to apply for modification of the conditions of certification through the CEC amendment process. On October 8, 1997, the CEC Board issued Order 97-1008-5 modifying the conditions to include the start-up and shutdown provisions. These revised conditions are federally enforceable due to the public noticing provisions contained in the CEC amendment process and this language will be incorporated into the Title V permit revision issue as requested by the source in their permit modification application submitted on October 19, 1999.

The federally enforceable conditions contained in the DOC were modified based upon applications received from the source on September 25, 1999. These applications requested revisions to the conditions on the permits limiting the allowed hours of operation of the auxiliary boilers. On March 29, 2001, the District notified the CEC of the requested permit change. On June 21, 2000, the CEC Board issued Order 00-0621-02 allowing the requested changes (the District received that document by fax on August 22, 2000). The District issued Permits to Operate 10211 - 10213 on August 28, 2000. These revised conditions are federally enforceable due to the public noticing provisions contained in the CEC and District amendment process and this new language was incorporated into Title V Permit TV02-04 issued on August 28, 2000. An oversight was discovered on the cogeneration permit (PTO 10211) and it was updated to PTO 10211A which also required an "A" revision to TV02-04, both of which were issued on October 6, 2000.

On March 30, 2001, the facility applied for a permit from the District and the CEC for a new simple cycle gas turbine at the facility. The CEC Adoption Order of Docket 01-EP-6 was approved on May 2, 2000 and the District issued Authority to Construct 10738 on July 30, 2001. The conditions contained in the CEC order and ATC 10738 are federally enforceable due to the CEC and District process and were included on Title V Permit TV24-01, which also included the Title IV (Acid Rain) permit for this equipment.

District Permit to Operate (PTO) 10738 was issued on October 22, 2002, the quarterly and annual NO_x emission limits were modified by ATC 11435 issued on February 5, 2003 and PTO 11435 issued on March 3, 2003 and PTO 11609 issued on June 25, 2003, and the testing frequency was modified by PTO 12304 issued on August 11, 2005, the DAHS was updated under PTO 14085 issued on October 8, 2009, and the allowances were included for federal and State mandated performance testing along with turbine and boiler combustor tuning activities under PTOs 14716, 14717, 14743, and 14744 issued on December 1, 2010. These revisions are federally enforceable due to the public noticing provisions contained in the District permitting process and these revisions were incorporated into the facilities' existing Title V permit.

Rule 213 - Continuous Emissions Monitoring

This rule is applicable to the gas turbines and the boilers at the facility. Appropriate conditions will be included on the permit to ensure compliance with this rule.

Rule 214 - Breakdown Conditions

This is the implementing regulation in which the District has established the criteria for reporting breakdowns. The requirements imposed by the SIP approved version of this rule will be included on this permit. The SIP approved version of this rule is that which was adopted on December 13, 1984.

Rule 218 - Title V: Federal Operating Permits

This is the implementing regulation by which the District issues the federal Operating Permits. All requirements imposed by this rule will be included in the Title V permit.

Rule 219 - Title IV: Acid Deposition Control

This is the implementing regulation by which the District issues Acid Rain Permits and incorporates the requirements of 40 CFR Parts 72 and 75. All requirements imposed by this rule on the LM6000 will be included on the Title IV permit which will be incorporated into the Title V permit.

Rule 308 - Title V: Federal Operating Permit Fees

This is the District's fee rule for Title V. Appropriate conditions will be included on the Title V permit to ensure compliance with the fee provisions contained in this rule.

Rule 400 - Visible Emissions

This rule is applicable to the emissions from the facility. Appropriate conditions will be included on the permit to ensure compliance with this rule.

Rule 403 - Particulate Matter

The 0.15 grains per dry cubic foot emission standard is applicable to the gas turbines and boilers at the facility, but this standard is superseded by the emission limitations imposed through the NSR (Rule 207) permitting process and is verified as follows. Based upon the requirements of Rule 403, the volumetric flow rate of 480,600 SDCFM for the Frame 7 would establish an emission limit of 617.9 lbs PM₁₀/hr [(480,600 SDCFM)*(0.15 grains/SDCF)*(1 lb/7000 grains)*(60 m/hr) = 617.9 lbs PM₁₀/hr], for the LM6000 the volumetric flow rate of 217,058 SDCFM would establish an emission limit of 279.1 lbs PM₁₀/hr [(217,058 SDCFM)*(0.15 grains/SDCF)*(1 lb/7000 grains)*(60 m/hr) = 279.1 lbs PM₁₀/hr], and each of the boilers would have an emission limit of 30.8 lbs PM₁₀/hr [(23,950 SDCFM)*(0.15 grains/SDCF)*(1 lb/7000 grains)*(60 m/hr) = 30.8 lbs PM₁₀/hr].

Based upon the worst case limits contained in the facility NSR permits, the PM₁₀ emission limit for the Frame 7 is 10 lbs/hr, for the LM6000 it is 2.5 lbs/hr, and for each boiler the limit is 12.65 lbs/hr, which are well below the applicable Rule 403 standards.

Rule 404 - Sulfur Compounds and Nitrogen Oxides

The LM6000 is exempt from the requirements of this rule based upon the exemption contained in Section 1.3. The LM6000 is subject to BACT limits imposed by Rule 207, and is therefore exempt from the requirements of this Rule pursuant to Section 1.3.2.

One could reason that the same rationale as above applies to the existing equipment at the facility. However, the following documents compliance. Compliance with the 0.2% by volume (2000 ppmv) limit for SO₂ is assumed due to the worst case limits contained in the facility NSR permits (firing on fuel oil) of 116.1 lbs/hr for the Frame 7 turbine and 7.55 lbs/hr for each of the boilers. The SO₂ concentration at these permitted levels would be 23.8 ppmv for the Frame 7 turbine [(116.1 lbs/SO₂/hr)*((MM lbmoles air)/(64.1 lbmole SO₂))*379 ft³ air)/(lbmole air)]/(480,600 SDCFM)*(60 m/hr) = 23.8 ppmv] and 31.1 ppmv for each of the boilers [(7.55 lbs/SO₂/hr)*((MM

$\text{lbmoles air}/(64.1 \text{ lbmole SO}_2) * 379 \text{ ft}^3 \text{ air}/(\text{lbmole air})/((23,950 \text{ SDCFM}) * (60 \text{ m/hr}) = 31.1 \text{ ppmv}]$. These values are well below the 2000 ppmv SO₂ allowed in this rule.

Compliance with the 140 lb/hr NO_x limit from each individual emission point is assumed due to the worst case limits contained in the facility NSR permits (firing on fuel oil) of 47.8 lbs/hr for the Frame 7 turbine and 13.8 lbs/hr for each of the boilers. The NSR permit for the Frame 7 turbine contains concentration limits for NO_x of 9 ppm when firing on gas and 15 ppm when firing on fuel oil, well below the 200 ppm limit contained in the rule. The NSR permit for the boilers contains NO_x limits of 40 ppm when firing on gas and 69 ppm when firing on fuel oil at loads greater than 40%, and a limit of 100 ppm at loads equal to or less than 40%. These limits are well below the 350 ppm limit contained in the rule.

Therefore, these rule limits will be subsumed under the NSR limits which will be included on the Title V permit.

Rule 412 - Sulfur Content of Fuels

This rule which requires that the sulfur content of fuels combusted be less than 0.5% by weight is applicable to this facility. The sulfur limits contained on the NSR permits for the facility are lower than the rule requirement at 0.05% for natural gas and 0.12% for fuel oil. Therefore, the requirements of Rule 412 will be subsumed under the NSR permit limits which will be included on the Title V permit.

Rule 426 - Architectural Coatings

This rule is applicable to all applications of architectural coatings and limits the VOC content of these coatings. The facility is in compliance with the requirements of this rule.

40 CFR Part 60, Subpart A - New Source Performance Standards, General Provisions

This facility is subject to the requirements of 60.7 (notification and record keeping), 60.8 (performance tests), 60.11 (compliance with standards and maintenance requirements), and 60.13 (monitoring requirements) because they are subject to 40 CFR Part 60, Subparts Db and Gg. In their application, the source has requested that the requirements of Subpart A be subsumed under the NSR permit requirements.

The District asserts that compliance with the conditions on the Title V permit shall be considered compliance with the monitoring, record keeping, and reporting requirements contained in 40 CFR Parts 60.7, 60.8, 60.11, and 60.13.

40 CFR Part 60, Subpart Db - Standards of Performance for Industrial-Commercial-Institutional Steam Generating Units

The boilers at the facility are subject to the requirements of this part. In their Title V application, the source has requested that the requirements of Subpart Db be subsumed under the NSR permit requirements. This is an appropriate action, due to the fact that the facility has emission limits on the NSR permits which are more stringent than the requirements of this part.

The sulfur dioxide limit from Section 60.42b(a) would be 11.4 lbs/hr (143 MMBtu/hr * 0.08 lb/MMBtu). This 11.4 lbs/hr exceeds the 7.55 lbs/hr allowed for each boiler under the NSR permits.

The particulate matter limit from Section 60.43b(b) would be 14.3 lbs/hr (143 MMBtu/hr * 0.1 lb/MMBtu). Low sulfur fuel requirement (0.05%) is the conventional technology utilized to reduce SO_x emissions and establishes the appropriate particulate matter emission limit from Section 60.43b. The allowance of 14.3 lbs/hr of particulate matter under Subpart Db exceeds the 12.65 lbs/hr allowed for each boiler under the NSR permits.

The NO_x limit from Section 60.44b(a) would be 28.6 lbs/hr (143 MMBtu/hr * 0.2 lb/MMBtu). The emission factor

for high heat release rate is utilized based upon the furnace volume of 1795 ft³ and a heat input of 143 MMBtu/hr. The heat release rate is 79,666 BTU/hr-ft³ which under the definition contained in Section 60.41b is considered a "high heat release rate". The allowance of 28.6 lbs/hr of NO_x under Subpart Db exceeds the 13.8 lbs/hr allowed for each boiler under the NSR permits.

The testing, monitoring, record keeping and reporting requirements contained in Sections 60.45(b), 60.46(b), 60.47(b), 60.48(b), and 60.49(b) will be subsumed under the testing, monitoring, record keeping and reporting requirements established under the NSR permits and required under the Title V permitting process.

40 CFR Part 60, Subpart GG - Standards of Performance for Stationary Gas Turbines

The gas turbines at this facility are subject to the requirements of this part. In addition to the back-end control using SCR, the turbines utilized steam/water injection or dry low NO_x combustors to control NO_x formation.

The NO_x emission factor from Section 60.332(a)(1) would be 113 ppmvd for the Frame 7 turbine. This 113 ppmvd limit far exceeds the 9 ppmvd limit on natural gas (15 ppmvd on fuel oil) established by District Rule 207. Therefore, the NO_x limit from the NSPS will be subsumed under the NSR permit requirements included on the Title V permit.

The allowable NO_x concentration limit derived from Section 60.332(a)(1) for the LM6000 turbine would be 75 ppmvd. This 75 ppmvd limit far exceeds the 5 ppmvd limit established by the BACT requirements of District Rule 207. Therefore, the NO_x limit from the NSPS will be subsumed under the NSR permit requirements included on the Title V permit.

The SO₂ limit from Section 60.333 would be 150 ppmv for both turbines. Compliance with this limit for the Frame 7 turbine is assumed due to the worst case limits contained in the facility NSR permits (firing on fuel oil) of 116.1 lbs/hr. The SO₂ concentration at this permitted emission level would be 23.8 ppmv for the turbine $[(116.1 \text{ lbs/SO}_2/\text{hr}) * ((\text{MM lbmoles air}) / (64.1 \text{ lbmole SO}_2)) * 379 \text{ ft}^3 \text{ air} / (\text{lbmole air})) / ((480,600 \text{ SDCFM}) * (60 \text{ m/hr})) = 23.8 \text{ ppmv}]$. Compliance with this limit for the LM6000 is assured due to limits established by the BACT requirements of Rule 207 and established in the permit at 0.33 lbs/hr. The SO₂ concentration at this permitted emissions level would be 0.13 ppmv $[(0.33 \text{ lbs/SO}_2/\text{hr}) * ((\text{MM lbmoles air}) / (64.1 \text{ lbmole SO}_2)) * 379 \text{ ft}^3 \text{ air} / (\text{lbmole air})) / ((272,396 \text{ SDCFM}) * (60 \text{ m/hr})) = 0.13 \text{ ppmv}]$.

These values are well below the 150 ppmv SO₂ allowed for in the NSPS. Therefore, the SO₂ emission standard from this NSPS will be subsumed under the NSR permit requirements included on the Title V permit.

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

40 CFR Part 72 - Acid Rain

The King City Cogen, LLC portion of this facility is not subject to the requirements of the Acid Rain provisions as this portion of the facility is an Independent Power Production (IPP) Facility which held purchase power agreements on November 15, 1990. Therefore, King City Cogen, LLC is exempt from the Acid Rain (Part 72) requirements based upon 40 CFR Part 72.6(B)(6).

Gilroy Energy Center, LLC for King City Energy Center is subject to the Acid Rain permitting requirements. All requirements imposed by this rule will be included on the Title IV permit which will be incorporated into the facilities' Title V permit.

40 CFR Part 82 - Protection of Stratospheric Ozone

This facility is in compliance with the requirements of this part. An appropriate condition will be included on the permit to ensure compliance with these requirements.

THE FOLLOWING WILL BE INCLUDED ON THE TITLE V PERMIT:

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:

40 CFR Part 60, Subpart A - New Source Performance Standards, General Provisions

This facility is subject to the requirements of this part because they are subject to 40 CFR Part 60, Subparts Db and 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.

40 CFR Part 60, Subpart Db - Standards of Performance for Industrial-Commercial-Institutional Steam Generating Units

The boilers at the facility are subject to the requirements of this part. In their Title V application, the source has requested that the requirements of Subpart Db be subsumed under the NSR permit requirements. This is an appropriate action, due to the fact that facility has emission limits from their NSR permits which are more stringent than the requirements of this part.

The sulfur dioxide limit from Section 60.42b(a) would be 11.4 lbs/hr (143 MMBtu/Hr * 0.8 lb/MMBtu * 0.1). This 11.4 lbs/hr exceeds the 7.55 lbs/hr allowed for each boiler under the NSR permits.

The particulate matter limit from Section 60.43b(b) would be 14.3 lbs/hr (143 MMBtu/Hr * 0.1 lb/MMBtu). Low sulfur fuel requirement (0.05%) is the conventional technology utilized to reduce SO_x emissions and establishes the appropriate particulate matter emission limit from Section 60.43b. The allowance of 14.3 lbs/hr of particulate matter under subpart Db exceeds the 12.65 lbs/hr allowed for each boiler under the NSR permits.

The NO_x limit from Section 60.44b(a) would be 28.6 lbs/hr (143 MMBtu/Hr * 0.2 lb/MMBtu). The emission factor for high heat release rate is utilized based upon the furnace volume of 1795 ft³ and a heat input of 143 MMBtu/hr. The heat release rate is 79,666 BTU/hr-ft³ which under the definition contained in Section 60.41b is considered a "high heat release rate". The allowance of 28.6 lbs/hr of NO_x under subpart Db exceeds the 13.8 lbs/hr allowed for each boiler under the NSR permits.

The testing, monitoring, record keeping and reporting requirements contained in Sections 60.45(b), 60.46(b), 60.47(b), 60.48(b), and 60.49(b) will be subsumed under the testing, monitoring, record keeping and reporting requirements established under the NSR permits and required under the Title V permitting

process.

40 CFR Part 60, Subpart GG - Standards of Performance for Stationary Gas Turbines

The gas turbines at this facility are subject to the requirements of this NSPS. In addition to the back-end control using SCR, the turbines utilize steam/water injection or dry low NO_x combustors to control NO_x formation.

The NO_x emission factor from Section 60.332(a)(1) would be 113 ppmvd for the Frame 7 turbine. This 113 ppmvd limit far exceeds the 9 ppmvd limit on natural gas (15 ppmvd on fuel oil) 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 allowable NO_x concentration limit derived from §60.332(a)(1) for the LM6000 turbine would be 75 ppmvd. This 75 ppmvd limit far exceeds the 5 ppmvd limit established by the BACT requirements of District Rule 207. Therefore, the NO_x limit from the NSPS will be subsumed under the NSR permit requirements that will be included on the permits.

The SO₂ limit from Section 60.333 would be 150 ppmv for both turbines. Compliance with this limit for the Frame 7 turbine is assumed due to the worst case limits contained in the facility NSR permits (firing on fuel oil) of 116.1 lbs/hr. The SO₂ concentration at this permitted emission level would be 23.8 ppmv for the turbine $[(116.1 \text{ lbs SO}_2/\text{hr}) * ((\text{MM lbmoles air}) / (64.1 \text{ lbmole SO}_2)) * ((379 \text{ Ft}^3 \text{ Air}) / (\text{lbmole air})) / ((480,600 \text{ SDCFM}) * (60 \text{ M/Hr}))] = 23.8 \text{ ppmv}$. Compliance with this limit for the LM6000 turbine is assured due to limits established by the BACT requirements of Rule 207 and established in the permit at 0.33 lbs/hr. The SO₂ concentration at this permitted emission level would be 0.13 ppmv for the turbine $[(0.33 \text{ lbs SO}_2/\text{hr}) * ((\text{MM lbmoles air}) / (64.1 \text{ lbmole SO}_2)) * ((379 \text{ Ft}^3 \text{ Air}) / (\text{lbmole air})) / ((272,396 \text{ SDCFM}) * (60 \text{ M/Hr}))] = 0.13 \text{ ppmv}$.

These values are well below the 150 ppmv SO₂ allowed for in the NSPS. Therefore, the SO₂ 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

- The Frame 7 gas turbine pollutant mass emission rates in the exhaust discharged to the atmosphere shall not exceed the following limits [District Rule 207; District Rule 403 limit of 617.9 lbs PM₁₀/hr; District Rule 404 NO_x limit of 140 lbs/hr and SO₂ limit of 2000 ppmv]:

<u>Pollutant</u>	<u>Lbs/Hour</u>	<u>Lbs/Day</u>
Oxides of Nitrogen (NO _x)	30.1	722
Carbon Monoxide (CO)	20.0	480
Ammonia (NH ₃)	13.9	334
Particulate Matter <10 microns (PM ₁₀)	2.5	60
Volatile Organic Compounds (VOC)	1.0	24
Sulfur Dioxide (SO ₂)	0.5	12

These limits shall not apply during start-up, which is not to exceed five (5) hours, or shutdown, which is not to exceed two (2) hours, or during periods of oil firing. SCR catalytic controls, steam injection and good engineering practices shall be used to the fullest extent practical during start-up to minimize pollutant emissions.

2. During periods of natural gas firing, the auxiliary boiler pollutant mass emission rates in the exhaust discharged to the atmosphere shall not exceed the following limits from each boiler [District Rule 207; District Rule 403 limit of 30.8 lbs PM₁₀/hr; District Rule 404 NO_x limit of 140 lbs/hr and SO₂ limit of 2000 ppmv; 40 CFR Part 60, Subpart Db SO₂ limit of 11.4 lbs/hr, PM₁₀ limit of 14.3 lbs/hr, and NO_x limit of 28.6 lbs/hr]:

<u>Pollutant</u>	<u>Lbs/Hour</u>
Oxides of Nitrogen (NO _x)	7.25
Carbon Monoxide (CO)	2.65
Particulate Matter <10 microns (PM ₁₀)	0.60
Volatile Organic Compounds (VOC)	0.20
Sulfur Dioxide (SO ₂)	0.085

These limits shall not apply during boiler shutdown, for a period not to exceed 30 minutes, or during cold start-up, for a period not to exceed three (3) hours, or during hot start-up, for a period not to exceed 30 minutes. During boiler shutdown or start-up, and during operations at or below 40 percent load, procedures incorporating good engineering practices shall be utilized to the fullest extent practical to minimize all pollutant emissions.

3. While firing on natural gas the emission concentration of oxides of nitrogen, as NO₂, in the Frame 7 turbine exhaust discharged to the atmosphere shall not exceed 9 ppmvd, calculated as a clock hour average at 15 percent O₂, dry. [District Rule 207; District Rule 404 NO_x limit of 200 ppm; 40 CFR Part 60, Subpart GG NO_x limit of 200 ppm]

This limit shall not apply during start-up, which is not to exceed five (5) hours, or shutdown, which is not to exceed two (2) hours. SCR catalytic controls, steam injection and good engineering practices shall be used to the fullest extent practical during start-up to minimize pollutant emissions.

4. During periods of natural gas firing, the emission concentration of oxides of nitrogen, as NO₂, in the auxiliary boiler exhaust discharge to the atmosphere shall not exceed 40 ppmvd at boiler loads greater than 40 percent and 100 ppmvd at boiler loads of 40 percent or less, calculated as a clock hour average at 3 percent O₂, dry. [District Rule 207; District Rule 404 NO_x limit of 350 ppm]

These limits shall not apply during boiler shutdown, for a period not to exceed 30 minutes, or during cold start-up, for a period not to exceed three (3) hours, or during hot start-up, for a period not to exceed 30 minutes. During boiler shutdown or start-up, and during operations at or below 40 percent load, procedures incorporating good engineering practices shall be utilized to the fullest extent practical to minimize all pollutant emissions.

5. The emission concentration of ammonia in the Frame 7 turbine exhaust discharged to the atmosphere shall not exceed 10 ppmvd, calculated as a three hour rolling clock hour average at 15 percent O₂, dry. [District Rule 207]

6. The emission concentration of carbon monoxide in the Frame 7 turbine exhaust discharged to the atmosphere shall not exceed 10 ppmvd, calculated as a three hour rolling clock hour average at 15 percent O₂, dry. [District Rule 207]

This limit shall not apply during start-up, which is not to exceed five (5) hours, or shutdown, which is not to exceed two (2) hours. SCR catalytic controls, steam injection and good engineering practices shall be used to the fullest extent practical during start-up to minimize pollutant emissions.

7. The heat input rate to the LM6000 Turbine shall not exceed 500 MMBtu/hr and the unit shall only be fired on natural gas. [District Rule 207]

8. The maximum daily combined emissions from the LM6000 Turbine, including start-ups and shutdowns, shall not exceed the following limits: [District Rule 207]

<u>Pollutant</u>	<u>Lbs/Day</u>
Oxides of Nitrogen (NO _x)	233.95
Carbon Monoxide (CO)	172.13
Particulate Matter <10 microns (PM ₁₀)	60.00
Volatile Organic Compounds (VOC)	28.80
Ammonia (NH ₃)	150.48
Sulfur Dioxide (SO ₂)	7.92

9. The pollutant mass emission rates in the exhaust discharged to the atmosphere from the LM6000 Turbine shall not exceed the following limits: [District Rules 207, 403, & 404]

<u>Pollutant</u>	<u>Lbs/Hour</u>	<u>Lbs/Day</u>
Oxides of Nitrogen (NO _x)	8.65	207.6
Carbon Monoxide (CO)	6.31	151.4
Particulate Matter <10 microns (PM ₁₀)	2.50	60.0
Volatile Organic Compounds (VOC)	1.20	28.8
Ammonia (NH ₃)	6.27	150.5
Sulfur Dioxide (SO ₂)	0.33	7.9

These limits shall not apply during start-up, which is not to exceed one (1) hour. SCR catalytic controls and good engineering practices shall be used to the fullest extent practical during start-up to minimize pollutant emissions.

10. The pollutant concentrations discharged to the atmosphere from the LM6000 Turbine shall not exceed the following limits, calculated at 15 percent O₂: [District Rule 207]

<u>Pollutant</u>	<u>Concentration (ppm)</u>	<u>Averaging Period</u>
Oxides of Nitrogen (as NO ₂)	5.0	1-hour clock hour
Carbon Monoxide (CO)	6.0	3-hour rolling clock hour
Ammonia (NH ₃)	10	3-hour rolling clock hour

These limits shall not apply during start-up, which is not to exceed one (1) hour, or shutdown. SCR catalytic controls and good engineering practices shall be used to the fullest extent practical during start-up to minimize pollutant emissions.

11. The pollutant emission rates discharged to atmosphere from the LM6000 Turbine during a start-up shall not exceed the following limits. These limits apply to any start-up period which shall not exceed one (1) hour. [District Rule 207]

<u>Pollutant</u>	<u>Lbs/Start-Up</u>
Oxides of Nitrogen (as NO ₂)	35.00
Carbon Monoxide (CO)	27.00
Volatile Organic Compounds (as CH ₄)	1.20

12. The Frame 7 turbine and auxiliary boilers shall only be fired on natural gas, except that No. 2 fuel oil may be used during training/testing of the auxiliary boilers, as described in Condition 22, or during periods of natural gas curtailment by the utility, or in the events of natural gas supply malfunction or disruption not within the control of Calpine King City Cogen, LLC. In any event, No. 2 fuel oil shall not be used for more than 240 hours per year per piece of equipment. [District Rule 207]

13. During periods of No. 2 fuel oil firing, the Frame 7 turbine pollutant mass emission rates in the exhaust discharged to the atmosphere shall not exceed the following limits [District Rule 207; District Rule 403 limit of 617.9 lbs PM₁₀/hr; District Rule 404 NO_x limit of 140 lbs/hr and SO₂ limit of 2000 ppmv]:

<u>Pollutant</u>	<u>Lbs/Hour</u>	<u>Lbs/Day</u>
Sulfur Dioxide (SO ₂)	116.1	2786
Oxides of Nitrogen (NO _x)	47.8	1147
Carbon Monoxide (CO)	22.0	528
Ammonia (NH ₃)	13.9	334
Particulate Matter <10 microns (PM ₁₀)	10.0	240
Volatile Organic Compounds (VOC)	1.0	24

These limits shall not apply during start-up, which is not to exceed five (5) hours, or shutdown, which is not to exceed two (2) hours. SCR catalytic controls, steam injection and good engineering practices shall be used to the fullest extent practical during start-up to minimize pollutant emissions.

14. During periods of No. 2 oil firing, the auxiliary boiler pollutant mass emission rates in the exhaust discharged to the atmosphere shall not exceed the following limits from each boiler [District Rule 207; District Rule 403 limit of 30.8 lbs PM₁₀/hr; District Rule 404 NO_x limit of 140 lbs/hr and SO₂ limit of 2000 ppmv; 40 CFR Part 60, Subpart Db SO₂ limit of 11.4 lbs/hr, PM₁₀ limit of 14.3 lbs/hr, and NO_x limit of 28.6 lbs/hr]:

<u>Pollutant</u>	<u>Lbs/Hour</u>
Oxides of Nitrogen (NO _x)	13.8
Particulate Matter <10 microns (PM ₁₀)	12.65
Sulfur Dioxide (SO ₂)	7.55
Carbon Monoxide (CO)	2.85
Volatile Organic Compounds (VOC)	0.25

These limits shall not apply during boiler shutdown, for a period not to exceed 30 minutes, or during cold start-up, for a period not to exceed three (3) hours, or during hot start-up, for a period not to exceed 30 minutes. During boiler shutdown or start-up procedures, incorporating good engineering practices shall be utilized to the fullest extent practical to minimize all pollutant emissions.

15. While firing on No. 2 fuel oil, the emission concentration of oxides of nitrogen, as NO₂, in the Frame 7 turbine exhaust discharged to the atmosphere shall not exceed 15 ppmvd, calculated as a clock hour average at 15 percent O₂, dry. [District Rule 207; District Rule 404 NO_x limit of 200 ppm; 40 CFR Part 60, Subpart GG NO_x limit of 200 ppm]

This limit shall not apply during start-up, which is not to exceed five (5) hours, or shutdown, which is not to exceed two (2) hours. SCR catalytic controls, steam injection and good engineering practices shall be used to the fullest extent practical during start-up to minimize pollutant emissions.

16. During periods of No. 2 fuel oil firing at boiler loads greater than 40 percent, the emission concentration of oxides of nitrogen, as NO₂, in the auxiliary boiler exhaust discharged to the atmosphere shall not exceed 69 ppmvd, calculated as a clock hour average at 3 % O₂, dry. [District Rule 207]

This limit shall not apply during boiler shutdown, for a period not to exceed 30 minutes, or during cold start-up, for a period not to exceed three (3) hours, or during hot start-up, for a period not to exceed 30 minutes. During boiler shutdown or start-up, procedures incorporating good engineering practices shall be utilized to the fullest extent practical to minimize all pollutant emissions.

17. The sulfur content on any No. 2 fuel oil used as fuel in the Frame 7 turbine or auxiliary boilers shall not exceed 0.05 percent by weight. All fuel received must be certified to contain 0.05 percent sulfur, or less, by weight. [District Rule 207, District Rule 412 limit of 0.5% by weight sulfur]

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

19. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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]

20. Daily NO_x emissions from all combustion equipment at the facility shall not exceed 1,070 pounds per day. During periods of oil firing as allowed for on the permits for the Frame 7 Turbine and the Boilers, the allowable daily NO_x limit is increased by the incremental hourly NO_x limit for oil firing versus the natural gas hourly NO_x limit for all hours the equipment was actually operated on fuel oil. [District Rule 207]

21. Cumulative emissions, including emissions generated during Start-ups and Shutdowns, from all equipment at Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall not exceed the following quarterly and annual limits: [District Rule 207]

Pollutant	Pounds Of Emissions				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual

NO _x (as NO ₂)	72,452	73,178	73,905	73,905	293,440
SO _x	1,748	1,768	1,787	1,787	7,090
VOC	4,762	4,815	4,868	4,868	19,313
PM ₁₀	12,071	12,204	12,339	12,339	48,953
CO	58,445	59,095	59,744	59,744	237,028

Note: During periods of oil firing as allowed for on the permits for the Frame 7 Turbine and the Boilers, the allowable emissions are increased by the incremental hourly limit for oil firing versus the natural gas hourly limit for all hours the equipment was actually operated on fuel oil.

22. Training/testing of the auxiliary boilers shall be allowed only under the following conditions [District Rule 207]:
 - a. Only one boiler may be tested in a calendar day,
 - b. The District shall be notified a minimum of 30 calendar days prior to the date of training/testing on No. 2 fuel oil,
 - c. The District has the authority to postpone training/testing of the auxiliary boilers due to adverse ambient air-quality conditions,
 - d. Each boiler may be used for training/testing on fuel oil a maximum of two (2) times per calendar year, and
 - e. The training/testing on fuel oil shall not exceed two (2) full-load equivalent hours.

23. Operation must be conducted in compliance with all data and specifications submitted in the applications to the California Energy Commission and the MBUAPCD. [District Rule 207]

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

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

26. The PM₁₀ emissions from the Frame 7 cooling tower shall not exceed 20 pounds per day. [District Rule 207]

27. Water treatment chemicals containing chromium shall not be used in the cooling towers. [District Rule 207, 40 CFR Part 63.400]

28. The Gilroy Energy Center, LLC for King City Energy Center shall hold Sulfur Dioxide Allowances in the compliance subaccount for the LM6000 Turbine (Unit 2) not less than the total annual emissions of sulfur dioxide for the previous calendar year from the LM6000 Turbine. [District Rule 219]
29. 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]
30. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall cause to be operated an ambient air monitoring station at a site approved by the District in Southern Monterey County, for PM₁₀, O₃, 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]
31. Calpine King City Cogen, LLC shall comply with the requirements of 40 CFR Part 68 - Risk Management Plans. Calpine King City Cogen, LLC's Risk Management Plan must be revised and updated as required by 40 CFR §68.190. Calpine King City Cogen, LLC 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]
32. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall comply with the requirements of 40 CFR Part 82 - Protection of Stratospheric Ozone. [40 CFR Part 82]

TESTING REQUIREMENTS AND PROCEDURES

33. An annual performance test of the Frame 7 gas turbine shall be conducted prior to January 1 of each year. Calpine King City Cogen, LLC shall conduct performance tests in accordance with EPA Method 20 for NO_x and O₂, 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 conditions 1, 3, 5 and 6. Calpine King City Cogen, LLC shall furnish the District written results of such performance tests within sixty (60) 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 NO₂: ppm at 15% O₂, dry and lb/hr.
 - b. Carbon Monoxide: ppm at 15% O₂, dry and lb/hr.
 - c. Ammonia: ppm at 15% O₂, dry and lb/hr.

d. Volatile Organic Compounds (VOC) and TOG: ppm 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.

h. Steam/water injection rate and steam/water to fuel ratio.

34. A performance test of the LM 6000 turbine shall be conducted every 4,000 operating hours, but not less frequent than once every three years nor more frequent than once a year. The Gilroy Energy Center, LLC for King City Energy Center 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 conditions 9 and 10. The Gilroy Energy Center, LLC for King City Energy Center shall furnish the District written results of such performance tests within sixty (60) 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: ppm 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.

35. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall cause annual testing to be performed to verify compliance with the Ammonia (NH_3) slip limits contained in Conditions 5, 8, 9 and 10. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall conduct this testing in accordance with the collection method specified in BAAQMD Source Test Procedure ST-1B and the analysis specified in EPA method 350.3. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall furnish the District written results of such performance tests within sixty (60) 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 7 days prior to the actual date of testing shall be provided so that a District observer can be present. [District Rule 207]

36. An annual performance test of the auxiliary boilers shall be conducted prior to January 1 of each year. Calpine King City Cogen, LLC shall conduct performance tests in accordance with EPA Method 7E for NO_x, EPA Method 10 for CO, EPA Method 3A for O₂ to verify compliance with conditions 2 and 4. Calpine King City Cogen, LLC shall furnish the District written results of such performance tests within sixty (60) 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, a test of the exhaust gas in the auxiliary boiler exhaust stacks, for [District Rule 207]:
- a. Carbon Monoxide: ppm at 15% O₂, dry and lb/hr;
 - b. Oxides of Nitrogen, as NO₂: ppm at 15% O₂, dry and lb/hr;
- and the following process parameter:
- c. Natural gas consumption rate.

37. No testing is specified for the emission limitations contained in conditions 13, 14, 15 and 16 while firing on fuel oil. Fuel oil is for emergency use only, and the District has no intention of the facility operating the equipment on fuel oil just to perform compliance testing.

38. Testing of all fuel oil delivered to the facility shall be conducted prior to or upon receipt of the fuel oil. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall conduct testing in accordance with ASTM D1552-83 or ASTM D1552-83 to verify compliance with condition 17. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall furnish the District written results of the test prior to firing the fuel oil, but in no case later than thirty (30) days of completion.

39. Calpine King City Cogen, LLC shall conduct monthly measurements of the cooling tower water total dissolved solids in accordance with EPA Method 160.1 to verify compliance with the cooling tower PM₁₀ emission limit as specified in condition 26. The PM₁₀ emissions shall be calculated as the product of the cooling tower recirculating water flow rate times the total dissolved solids in the cooling water times the cooling tower drift losses, as follows [District Rule 207]:

$$PM_{10} \text{ lb/day} = 0.012 \times F \times TDS \times DL$$

where: F = cooling tower recirculation water flow rate

TDS = total dissolved solids in the cooling water

DL = drift loss of 0.002%

40. Gilroy Energy Center, LLC for King City Energy Center shall conduct monthly measurements of the cooling tower water total dissolved solids (TDS) in accordance with EPA Method 160.1. The TDS value from the latest testing shall be used in the following equation to calculate PM₁₀ emissions. PM₁₀ emissions from the cooling tower shall be calculated as the product of the cooling tower recirculating water flow rate times the total dissolved solids in the cooling tower water times the cooling tower drift loss times the

number of hours of operation, as follows:

$$PM_{10} \text{ lbs/day} = 5.0E-4 * F * TDS * DL * H$$

Where: F = cooling tower recirculating water flow rate in gpm
TDS = total dissolved solids in the cooling water in ppm
DL = drift loss of 0.0047%
H = number of hours of operation

41. No testing is specified for the generic (Rule 400) opacity requirement from condition 29 while firing on natural gas. When firing on fuel oil continuously for a period of 120 hours and at intervals of seven (7) days during continuing operation on fuel oil, Calpine King City Cogen, LLC shall conduct testing in accordance with the methodology contained in EPA Method 9 and the averaging/aggregating period contained in District Rule 400 to verify compliance with condition 29.

MONITORING AND RECORD KEEPING REQUIREMENTS

42. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall demonstrate compliance by using properly operated and maintained continuous emission monitors on all combustion equipment (during all hours of operation including equipment Start-up and Shutdown periods, except for periods of CEM maintenance performed in accordance with District requirements) for all of the following parameters: [District Rule 207]

- a. Firing hours and Fuel Flow Rates.
- b. Oxygen (O₂) Concentrations, Nitrogen Oxide (NO_x) Concentrations, and Carbon Monoxide (CO) Concentrations.
- c. Ammonia Injection Rates.

Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall record all of the above parameters every 15 minutes (excluding normal calibration periods) and shall summarize all of the above parameters for each clock hour. For each calendar day, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall calculate and record the total Firing Hours, the average hourly Fuel Flow Rates, and pollutant emission concentrations.

Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall use the parameters measured above and District-approved calculation methods to calculate the following parameters:

- d. Heat Input Rate.
- e. Corrected NO_x concentrations, NO_x mass emissions (as NO₂), corrected CO concentrations, and CO mass emissions.

For each source, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall record the parameters specified in d. and e. of this Condition every 15 minutes (excluding normal calibration periods). As specified below, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall calculate and record the following data:

- f. Total Heat Input Rate for every clock hour.

- g. The NO_x mass emissions (as NO₂), and corrected average NO_x emission concentration for every clock hour.
 - h. The CO mass emissions for every clock hour, and corrected average CO emission concentration for every three-hour rolling clock hour period.
 - i. On an hourly basis, the cumulative total NO_x mass emission (as NO₂) and the cumulative total CO mass emissions.
 - j. For each calendar day, the cumulative total NO_x mass emission (as NO₂) and the cumulative total CO mass emissions.
 - k. For each calendar quarter, the cumulative total NO_x mass emission (as NO₂) and the cumulative total CO mass emissions.
 - l. For each calendar year, the cumulative total NO_x mass emission (as NO₂) and the cumulative total CO mass emissions.
43. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall calculate and record on a daily basis, the Volatile Organic Compound (VOC) mass emissions, Fine Particulate Matter (PM₁₀) mass emissions, Sulfur Dioxide (SO₂) mass emissions, and Ammonia (NH₃) mass emissions from each combustion source and the cooling tower. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall use the actual heat input rates, actual Start-up times, actual Shutdown times, and District-approved emission factors to calculate these emissions. The calculated emissions shall be presented as follows: [District Rule 207]
- a. For each calendar day, VOC, PM₁₀, SO₂, and NH₃ mass emissions shall be summarized for each source.
 - b. On a daily basis, the cumulative total VOC, PM₁₀, SO₂ and NH₃ mass emissions shall be summarized for each calendar quarter and for the calendar year.
44. The Gilroy Energy Center, LLC for King City Energy Center shall monitor SO₂ emissions from the LM6000 Turbine in accordance with 40 CFR Part 72 and 75. [District Rule 219]
45. CEMs shall be installed and operated on the LM6000 Turbine. This system shall be designed to continuously record the measured gaseous concentrations, and calculate and continuously monitor and record the CO, CO₂ or O₂, and NO_x concentrations corrected to fifteen (15) percent oxygen (O₂) 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 CO₂ or O₂ 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.
46. A written Quality Assurance program for the LM6000 Turbine 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. [District Rule 219]

47. The ammonia emissions shall be monitored by the using the following ammonia slip calculation: [District Rule 207]

$$\text{NH}_3 \text{ slip (ppmvd @ 15\% O}_2\text{)} = ((\text{NH}_3 \text{ fed ppm} - (\text{NO}_x \text{ in ppm} - \text{NO}_x \text{ out ppm})) * (20.9 - 15) / (20.9 - \text{O}_2)) * b$$

Where:

$$\text{NH}_3 \text{ fed in ppm} = ((\text{NH}_3 \text{ injection rate, lb/hr} * a) / (Q * F_d * 4.4096\text{E-}8)) * ((20.9 - \text{O}_2\%) / 20.9)$$

4.4096E-8 = (K-factor constant) corrects for the molecular weight of ammonia

a = Ammonia Concentration (in % by weight/100)

b = Correction Factor based on source test data

Q = Fuel Flow mmbtu/hr

Fd = 8710 scf/mmbtu

48. A continuous monitoring system must be operated to monitor and record the fuel consumption and the mass ratio of steam to fuel being fired in the Frame 7 Turbine. This system must be accurate to within ± 5 percent. [District Rule 207; 40 CFR Part 60, Subpart GG]
49. Continuous emission monitoring systems must be calibrated and operated to measure each auxiliary boiler exhaust for NO_x , CO and O_2 . The system shall continuously record the NO_x and CO concentrations corrected to a value of 3 percent O_2 , dry, and the NO_x and CO mass emission rates in pounds per hour. The system shall meet all the requirements of Rule 213 and shall be certified at least once per year. [District Rule 207; District Rule 213]
50. Instrumentation must be operated to measure the SCR catalysts inlet temperature and pressure differential across the SCR catalysts. [District Rule 207]
51. Instrumentation must be operated to measure the auxiliary boiler oxidation catalyst inlet temperature and pressure differential across the oxidation catalyst. [District Rule 207]
52. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall monitor and record all start-up, shutdown, and operational profiles in a log maintained on site. [District Rules 207 and 218]
53. Calpine King City Cogen, LLC shall monitor and record all periods of oil firing in a log maintained on site and shall submit a summary of this data on an annual basis, at renewal time of the District (non Title V) Permit to Operate. [District Rule 207]
54. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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, TOG, and ammonia from this equipment for the preceding calendar year. [District Rule 207]

55. As applicable Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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.
56. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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

57. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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 Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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.
58. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall submit monthly reports to the District, in a District approved format, within 30 days from the end of the month 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; and
- D) all information pertaining to any monitoring as required by the permit (conditions 43 - 45, 47 - 49, and 52 - 54); and
- E) a negative declaration specifying when no excess emissions occurred; and
- F) a summary of actual monthly emissions from the CEM for all equipment which operated.

59. The Gilroy Energy Center, LLC for King City Energy Center shall submit quarterly Electronic Data Reports (EDR) to EPA for the LM6000 Turbine. 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]

60. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall submit the total quarterly emissions, to verify compliance with Condition 21, to the District within 30 days from the end of each calendar quarter. [District Rule 207]

The total quarterly emissions for NO_x and CO shall be reported based upon the actual recorded CEM data as specified in Condition 42. Quarterly emissions of SO_x (as SO₂), PM₁₀, and VOC shall be reported as specified in Condition 43.

61. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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

62. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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]
63. In an enforcement action, the fact that Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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]
64. This permit may be modified, revoked, reopened and reissued, or terminated for cause as determined by the District. The filing of a request by Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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]
65. 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]
66. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall also furnish to the District copies of records required to be retained by this permit. [District Rule 218]
67. For applicable requirements that will become effective during the permit term, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall meet such requirements on a timely basis unless a more detailed schedule is expressly required by the applicable requirement. [District Rule 218]
68. 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. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall promptly, upon discovery, report to the District a material error or omission in these records, reports, plans, or other documents. [District Rule 218]
69. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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]

70. 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]
71. For this federal operating permit to remain valid through the permit term of five years from the date of issuance, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall pay an annual emission fee based upon the requirements of District Rule 308. [District Rule 218]
72. Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall have available at the facility at all times a copy of this federal operating permit. [District Rule 218]
73. For protection from enforcement action based upon an emergency, as defined in District Rule 218, the responsible official for Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center shall submit to the District relevant evidence which demonstrates [District Rule 218]:
- A) an emergency occurred; and
 - B) that Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center provided the District with a description of the emergency and any mitigating or corrective actions taken.
74. Upon presentation of credentials, Calpine King City Cogen, LLC and the Gilroy Energy Center, LLC for King City Energy Center 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.

**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 December 1, 2011 through November 30, 2016

ISSUED TO:

Gilroy Energy Center, LLC for King City Energy Center
750 Metz Road
King City, CA 93930

PLANT SITE LOCATION:

750 Metz Road
King City, CA 93930

ISSUED BY:

Richard Stedman, Air Pollution Control Officer

12/01/06
Proposed Effective Date

ORIS Code: 10294

Nature of Business: Electric Power Generation

SIC Code: 4911 - Electric Power Generation

DESIGNATED REPRESENTATIVE:

Name: Mr. Eugene Fahey
Title: General Manager - Central Coast Projects
Phone: (831) 385-4090 x12

ALTERNATIVE DESIGNATED REPRESENTATIVES:

Name: Mr. John Snead	Name: Ms. Maria Barroso
Title: Operations & Maintenance Manager	Title: Compliance Manager
Phone: (831) 385-4090 x11	Phone: (831) 385-4090 x13

ACID RAIN PERMIT CONTENTS

- 1) Statement of Basis
- 2) The applicable SO₂ and NO_x emissions limitations.
- 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.

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 District Rules 218 and 219.

2) SO₂ AND NO_x EMISSIONS LIMITATIONS

	Pollutant	Requirement
UNIT 2	SO ₂ Emissions Limitation	The Gilroy Energy Center, LLC for King City Energy Center 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