



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • www.aqmd.gov

David Stone  
Plant Manager  
AES Huntington Beach, LLC, SCAQMD ID 115389  
21730 Newland St  
Huntington Beach, CA 92646

December 21, 2010

## Adjustments to SOx RECLAIM Trading Credit (RTC) Holdings for Compliance Years 2013 and Beyond

Dear RECLAIM Trading Credit Holder:

On November 5, 2010, the Governing Board of the South Coast Air Quality Management District (AQMD) adopted amendments to its Regional Clean Air Incentives Market (RECLAIM) program that will result in cumulative reductions of 5.7 tons per day, or more than 51 percent reduction, of oxides of sulfur (SOx) from the total RECLAIM program by 2019. The changes are to be implemented in phases, which include total cumulative SOx reductions of: 3 tons per day by 2013, 4 tons per day between 2014 and 2016, 5 tons per day between 2017 and 2018, and an overall amount of 5.7 tons per day by 2019 and beyond.

Pursuant to the amended AQMD Rule 2002 (f)(1), your SOx RTC Holdings as of November 5, 2010 for Compliance Year 2013 and thereafter are adjusted by multiplying the amounts of your current RTC holdings by the following adjustment factors for the corresponding compliance years, to obtain tradable/usable and non-tradable/non-usable holdings:

<u>Compliance Year</u>	<u>Tradable/Usable RTC Adjustment Factor</u>	<u>Non-Tradable/Non-Usable RTC Adjustment Factor</u>
2013	0.7312	Not Applicable
2014	0.6416	Not Applicable
2015	0.6416	Not Applicable
2016	0.6416	Not Applicable
2017	0.5520	0.0896
2018	0.5520	0.0896
2019	0.4893	0.1523
All Years after 2019	0.4893	Not Applicable

On December 3, 2010, you were notified of the adjustments to be made pursuant to AQMD Rule 2002(f) retroactive back to November 5, 2010 and were provided with a summary table of your existing SOx RTC holdings, the adjustments, and the remaining balances. Non-Tradable/Non-Usable RTCs are issued to reflect the amount of RTC that are not to be traded nor used unless the AQMD Governing Board finds that the 12-month rolling average price for SOx RTC exceeds \$50,000 per ton and authorizes the conversion of these Non-Tradable/Non-Usable (either in part or in whole) to tradable and usable RTCs.

Please note that there was a typo in the summary table that was attached to your letter. For Cycle 2 RTCs, the RTC valid period were incorrectly listed. For example, where the table stated "7/1/2014 to 6/30/2014," it should

have stated "7/1/2013 to 6/30/2014." This error occurred for all Cycle 2 RTC valid periods – each start date was unintentionally printed twelve months later than it should have been. Attached is the same table with the correct dates.

Your RTC holdings have been adjusted according to the methodology stated above. Your Facility Permit has been reissued to reflect the changes made to your SOx RTC balances. This reissuance is an Administrative Permit Revision to your Title V Facility Permit and only includes Section B (RECLAIM Annual Emission Allocations) in accordance with Rule 2002(b)(4).

Please review the enclosed permit sections carefully, as they will be part of your official Facility Permit. The permit changes are stated below. Please note that the AQMD rules allow you to appeal the terms and conditions of any sections of the enclosed Facility Permit by petitioning the Hearing Board within thirty days of receipt of the permit.

#### A. Facility Permit

The enclosed sections of the Facility Permit contain changes described as follows:

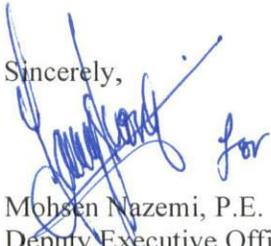
1. The revision number and dates of the Title Page and the Table of Contents have been updated to reflect the reissuance of the enclosed permit sections.
2. Section B – RECLAIM Annual Emission Allocation  
Section B has been updated to reflect all approved RECLAIM Trading Credits transactions that have occurred up to the date of this letter and the above mentioned adjustments to SOx RTCs.

#### B. Appeals

As previously mentioned, if you determine that certain changes or clarifications need to be made to any sections of the enclosed sections, you may appeal the terms and conditions by petitioning the Hearing Board within thirty days of receipt of the enclosed sections. If you determine there are administrative errors in these permit sections, please notify AQMD staff within thirty days of receipt of your permit sections. Your facility is still bound by the requirements of your entire Facility Permit while your appeal is under consideration by AQMD staff and/or Hearing Board.

If you have questions, please contact Mr. Danny Luong, Senior Enforcement Manager at (909) 396-2622 or [dluong@aqmd.gov](mailto:dluong@aqmd.gov).

Sincerely,

  
Mohsen Nazemi, P.E.  
Deputy Executive Officer  
Engineering and Compliance

#### Attachments

Certified Return Receipt Mail

Cc: Gerardo C. Rios, USEPA (via email to [R9AirPermits\\_SC@epa.gov](mailto:R9AirPermits_SC@epa.gov))  
Brian Yeh

RTC Valid Period	Zone	Type of Balance	Account Type		
			Allocation	Certificate	Non-Tradable/Non-Usable Credits
1/1/2013 to 12/31/2013	Coastal	Existing	1,295	0	0
1/1/2013 to 12/31/2013	Coastal	Adjustment	-348	0	0
1/1/2013 to 12/31/2013	Coastal	Final	947	0	0
1/1/2014 to 12/31/2014	Coastal	Existing	1,295	0	0
1/1/2014 to 12/31/2014	Coastal	Adjustment	-464	0	0
1/1/2014 to 12/31/2014	Coastal	Final	831	0	0
1/1/2015 to 12/31/2015	Coastal	Existing	1,295	0	0
1/1/2015 to 12/31/2015	Coastal	Adjustment	-464	0	0
1/1/2015 to 12/31/2015	Coastal	Final	831	0	0
1/1/2016 to 12/31/2016	Coastal	Existing	1,295	0	0
1/1/2016 to 12/31/2016	Coastal	Adjustment	-464	0	0
1/1/2016 to 12/31/2016	Coastal	Final	831	0	0
1/1/2017 to 12/31/2017	Coastal	Existing	1,295	0	0
1/1/2017 to 12/31/2017	Coastal	Adjustment	-580	0	116
1/1/2017 to 12/31/2017	Coastal	Final	715	0	116
1/1/2018 to 12/31/2018	Coastal	Existing	1,295	0	0
1/1/2018 to 12/31/2018	Coastal	Adjustment	-580	0	116
1/1/2018 to 12/31/2018	Coastal	Final	715	0	116
1/1/2019 to 12/31/2019	Coastal	Existing	1,295	0	0
1/1/2019 to 12/31/2019	Coastal	Adjustment	-661	0	197
1/1/2019 to 12/31/2019	Coastal	Final	634	0	197
1/1/2020 to 12/31/2020 and all years after	Coastal	Existing	1,295	0	0
1/1/2020 to 12/31/2020 and all years after	Coastal	Adjustment	-661	0	0
1/1/2020 to 12/31/2020 and all years after	Coastal	Final	634	0	0
7/1/2013 to 6/30/2014	Coastal	Existing	16,865	0	0
7/1/2013 to 6/30/2014	Coastal	Adjustment	-2,571	0	0
7/1/2013 to 6/30/2014	Coastal	Final	14,294	0	0
7/1/2014 to 6/30/2015	Coastal	Existing	16,865	0	0
7/1/2014 to 6/30/2015	Coastal	Adjustment	-3,428	0	0
7/1/2014 to 6/30/2015	Coastal	Final	13,437	0	0
7/1/2015 to 6/30/2016	Coastal	Existing	16,865	0	0
7/1/2015 to 6/30/2016	Coastal	Adjustment	-3,428	0	0
7/1/2015 to 6/30/2016	Coastal	Final	13,437	0	0
7/1/2016 to 6/30/2017	Coastal	Existing	16,865	0	0
7/1/2016 to 6/30/2017	Coastal	Adjustment	-3,428	0	0
7/1/2016 to 6/30/2017	Coastal	Final	13,437	0	0
7/1/2017 to 6/30/2018	Coastal	Existing	16,865	0	0
7/1/2017 to 6/30/2018	Coastal	Adjustment	-4,285	0	857
7/1/2017 to 6/30/2018	Coastal	Final	12,580	0	857

RTC Valid Period	Zone	Type of Balance	Account Type		
			Allocation	Certificate	Non-Tradable/ Non-Usable Credits
7/1/2018 to 6/30/2019	Coastal	Existing	16,865	0	0
7/1/2018 to 6/30/2019	Coastal	Adjustment	-4,285	0	857
7/1/2018 to 6/30/2019	Coastal	Final	12,580	0	857
7/1/2019 to 6/30/2020	Coastal	Existing	16,865	0	0
7/1/2019 to 6/30/2020	Coastal	Adjustment	-4,884	0	1,457
7/1/2019 to 6/30/2020	Coastal	Final	11,981	0	1,457
7/1/2020 to 6/30/2021 and all years after	Coastal	Existing	16,865	0	0
7/1/2020 to 6/30/2021 and all years after	Coastal	Adjustment	-4,884	0	0
7/1/2020 to 6/30/2021 and all years after	Coastal	Final	11,981	0	0



## FACILITY PERMIT TO OPERATE

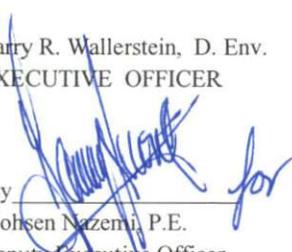
**AES HUNTINGTON BEACH, LLC  
21730 NEWLAND ST  
HUNTINGTON BEACH, CA 92646**

### NOTICE

IN ACCORDANCE WITH RULE 206, THIS PERMIT TO OPERATE OR A COPY THEREOF MUST BE KEPT AT THE LOCATION FOR WHICH IT IS ISSUED.

THIS PERMIT DOES NOT AUTHORIZE THE EMISSION OF AIR CONTAMINANTS IN EXCESS OF THOSE ALLOWED BY DIVISION 26 OF THE HEALTH AND SAFETY CODE OF THE STATE OF CALIFORNIA OR THE RULES OF THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT. THIS PERMIT SHALL NOT BE CONSTRUED AS PERMISSION TO VIOLATE EXISTING LAWS, ORDINANCES, REGULATIONS OR STATUTES OF ANY OTHER FEDERAL, STATE OR LOCAL GOVERNMENTAL AGENCIES.

Barry R. Wallerstein, D. Env.  
EXECUTIVE OFFICER

By   
Mohsen Nazemi, P.E.  
Deputy Executive Officer  
Engineering & Compliance



## FACILITY PERMIT TO OPERATE AES HUNTINGTON BEACH, LLC

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## FACILITY PERMIT TO OPERATE AES HUNTINGTON BEACH, LLC

### SECTION B: RECLAIM ANNUAL EMISSION ALLOCATION

The annual allocation of NO<sub>x</sub> RECLAIM Trading Credits (RTCs) for this facility is calculated pursuant to Rule 2002. Total NO<sub>x</sub> emission shall not exceed such annual allocations unless the operator obtains RTCs corresponding to the facility's increased emissions in compliance with Rules 2005 and 2007.

The level of Starting Allocation plus Non-Tradable Credits used to determine compliance with Rule 2005(c)(4) and applicability of Rule 2005(e) - Trading Zone Restrictions is listed on the last page of this Section.

The following table lists the annual allocations that were issued to this facility and the amounts of RTCs held by this facility on the day of printing this Section.

#### RECLAIM POLLUTANT ANNUAL ALLOCATION (POUNDS)

Year Begin End (month/year)	Zone	NO <sub>x</sub> RTC Initially Allocated	NO <sub>x</sub> RTC <sup>1</sup> Holding as of 12/21/2010 (pounds)	Non-Tradable <sup>2</sup> Non-Usable RTCs (pounds)
7/2007 6/2008	Coastal	231926	94171	0
1/2008 12/2008	Coastal	0	0	0
7/2008 6/2009	Coastal	231926	131767	6262
7/2009 6/2010	Coastal	231926	30059	12524
7/2010 6/2011	Coastal	231926	126005	18786
7/2011 6/2012	Coastal	231926	179740	25048
7/2012 6/2013	Coastal	231926	179740	25048
7/2013 6/2014	Coastal	231926	179740	25048
7/2014 6/2015	Coastal	231926	179740	25048
7/2015 6/2016	Coastal	231926	179740	25048
7/2016 6/2017	Coastal	231926	179740	25048
7/2017 6/2018	Coastal	231926	179740	25048
7/2018 6/2019	Coastal	231926	179740	25048
7/2019 6/2020	Coastal	231926	179740	25048
7/2020 6/2021	Coastal	231926	179740	25048
7/2021 6/2022	Coastal	231926	179740	25048
7/2022 6/2023	Coastal	231926	179740	25048

**Footnotes:**

1. This number may change due to pending trades, emissions reported under Quarterly Certification of Emissions Report (QCER) and Annual Permit Emission Program (APEP) Report required pursuant to Rule 2004, or deductions made pursuant to Rule 2010(b). The most recent total RTC information can be obtained from the District's RTC Listing.
2. The use of such credits is subject to restrictions set forth in paragraph (f)(1) of Rule 2002.



## FACILITY PERMIT TO OPERATE AES HUNTINGTON BEACH, LLC

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#### RECLAIM POLLUTANT ANNUAL ALLOCATION (POUNDS)

Year		Zone	NO <sub>x</sub> RTC Initially Allocated	NO <sub>x</sub> RTC <sup>1</sup> Holding as of 12/21/2010 (pounds)	Non-Tradable <sup>2</sup> Non-Usable RTCs (pounds)
Begin (month/year)	End				
7/2023	6/2024	Coastal	231926	179740	25048
7/2024	6/2025	Coastal	231926	179740	25048

**Footnotes:**

1. This number may change due to pending trades, emissions reported under Quarterly Certification of Emissions Report (QCER) and Annual Permit Emission Program (APEP) Report required pursuant to Rule 2004, or deductions made pursuant to Rule 2010(b). The most recent total RTC information can be obtained from the District's RTC Listing.
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## FACILITY PERMIT TO OPERATE AES HUNTINGTON BEACH, LLC

### SECTION B: RECLAIM ANNUAL EMISSION ALLOCATION

The annual allocation of SO<sub>x</sub> RECLAIM Trading Credits (RTCs) for this facility is calculated pursuant to Rule 2002. Total SO<sub>x</sub> emission shall not exceed such annual allocations unless the operator obtains RTCs corresponding to the facility's increased emissions in compliance with Rules 2005 and 2007.

The level of Starting Allocation plus Non-Tradable Credits used to determine compliance with Rule 2005(c)(4) and applicability of Rule 2005(e) - Trading Zone Restrictions is listed on the last page of this Section.

The following table lists the annual allocations that were issued to this facility and the amounts of RTCs held by this facility on the day of printing this Section.

#### RECLAIM POLLUTANT ANNUAL ALLOCATION (POUNDS)

Year Begin End (month/year)	Zone	SO <sub>x</sub> RTC Initially Allocated	SO <sub>x</sub> RTC <sup>1</sup> Holding as of 12/21/2010 (pounds)	Non-Tradable <sup>2</sup> Credits (NTCs) (pounds)
7/2007 6/2008	Coastal	0	2906	
7/2008 6/2009	Coastal	0	5664	
7/2009 6/2010	Coastal	0	8709	
7/2010 6/2011	Coastal	0	16865	
1/2011 12/2011	Coastal	0	1295	
7/2011 6/2012	Coastal	0	16865	
1/2012 12/2012	Coastal	0	1295	
7/2012 6/2013	Coastal	0	16865	
1/2013 12/2013	Coastal	0	947	
7/2013 6/2014	Coastal	0	14294	
1/2014 12/2014	Coastal	0	831	
7/2014 6/2015	Coastal	0	13437	
1/2015 12/2015	Coastal	0	831	
7/2015 6/2016	Coastal	0	13437	
1/2016 12/2016	Coastal	0	831	
7/2016 6/2017	Coastal	0	13437	
1/2017 12/2017	Coastal	0	715	116

**Footnotes:**

1. This number may change due to pending trades, emissions reported under Quarterly Certification of Emissions Report (QCER) and Annual Permit Emission Program (APEP) Report required pursuant to Rule 2004, or deductions made pursuant to Rule 2010(b). The most recent total RTC information can be obtained from the District's RTC Listing.
2. The use of such credits is subject to restrictions set forth in paragraph (h)(2) of Rule 2002.



## FACILITY PERMIT TO OPERATE AES HUNTINGTON BEACH, LLC

### SECTION B: RECLAIM ANNUAL EMISSION ALLOCATION

The annual allocation of SO<sub>x</sub> RECLAIM Trading Credits (RTCs) for this facility is calculated pursuant to Rule 2002. Total SO<sub>x</sub> emission shall not exceed such annual allocations unless the operator obtains RTCs corresponding to the facility's increased emissions in compliance with Rules 2005 and 2007.

The level of Starting Allocation plus Non-Tradable Credits used to determine compliance with Rule 2005(c)(4) and applicability of Rule 2005(e) - Trading Zone Restrictions is listed on the last page of this Section.

The following table lists the annual allocations that were issued to this facility and the amounts of RTCs held by this facility on the day of printing this Section.

#### RECLAIM POLLUTANT ANNUAL ALLOCATION (POUNDS)

Year Begin End (month/year)	Zone	SO <sub>x</sub> RTC Initially Allocated	SO <sub>x</sub> RTC <sup>1</sup> Holding as of 12/21/2010 (pounds)	Non-Tradable <sup>2</sup> Credits (NTCs) (pounds)
7/2017 6/2018	Coastal	0	12580	857
1/2018 12/2018	Coastal	0	715	116
7/2018 6/2019	Coastal	0	12580	857
1/2019 12/2019	Coastal	0	634	197
7/2019 6/2020	Coastal	0	11981	1457
1/2020 12/2020	Coastal	0	634	
7/2020 6/2021	Coastal	0	11981	
1/2021 12/2021	Coastal	0	634	
7/2021 6/2022	Coastal	0	11981	
1/2022 12/2022	Coastal	0	634	
7/2022 6/2023	Coastal	0	11981	
1/2023 12/2023	Coastal	0	634	
7/2023 6/2024	Coastal	0	11981	
1/2024 12/2024	Coastal	0	634	
7/2024 6/2025	Coastal	0	11981	
1/2025 12/2025	Coastal	0	634	

Footnotes:

1. This number may change due to pending trades, emissions reported under Quarterly Certification of Emissions Report (QCER) and Annual Permit Emission Program (APEP) Report required pursuant to Rule 2004, or deductions made pursuant to Rule 2010(b). The most recent total RTC information can be obtained from the District's RTC Listing.
2. The use of such credits is subject to restrictions set forth in paragraph (h)(2) of Rule 2002.



## FACILITY PERMIT TO OPERATE AES HUNTINGTON BEACH, LLC

### SECTION B: RECLAIM ANNUAL EMISSION ALLOCATION

The annual allocation of RECLAIM Trading Credits (RTCs) for this facility is calculated pursuant to Rule 2002. If the facility submits a permit application to increase in an annual allocation to a level greater than the facility's starting Allocation plus Non-Tradable credits as listed below, the application will be evaluated for compliance with Rule 2005 (c)(4). Rule 2005 (e) - Trading Zone Restrictions applies if an annual allocation is increased to a level greater than the facility's Starting Allocation plus Non-Tradable Credits:

Year		Zone	NOx RTC	Non-Tradable
Begin	End		Starting Allocation	Credits(NTC)
(month/year)			(pounds)	(pounds)
7/1994	6/1995	Coastal	1024673	251879



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
21865 Copley Drive, Diamond Bar, CA 91765

