San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

AUG 1 1 2010

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

Re: Re- Proposed Notice of Minor Title V Permit Modification
District Facility # C-603
Project # C-1091408

Dear Mr. Rios:

Enclosed for you to review is an application for minor Title V permit modification for the facility identified above. Hanford LP is proposing a Title V minor permit modification to modify Permit to Operate (PTOs) C-603-1-9 of the facility's current Title V operating permit. This modification is to allow for an additional fuel blend to be burned of Santa Maria and Shell-Martinez petroleum coke at 3% sulfur. This re-proposal is based on comments received from the facility and are attached to the evaluation.

Enclosed is the engineering evaluation with the following attachments: proposed modified Title V PTO C-603-1-7, application, and previous Title V permit. Please submit your written comments on this project within the 45-day comment period that begins on the date you receive this letter.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Jim Swaney at (559) 230-5900.

Sincerely,

David Warner
Director of Permit Services

Enclosures
cc: Martin Keast, Permit Services

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061
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Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: (661) 392-5500 FAX: (661) 392-5585

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San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

AUG 1 1 2010

Mark Kehoe
Hanford LP
4300 Railroad Ave
Pittsburg, CA 94565

Re: Re-Proposed Notice of Minor Title V Permit Modification
District Facility # C-603
Project # C-1091408

Dear Mr. Kehoe:

Enclosed is the District's analysis of your application for minor Title V permit modification for the facility identified above. You proposed a Title V minor permit modification to modify Permit(s) to Operate C-603-1-9 of the current Title V operating permit. This modification is to allow for an additional fuel blend to be burned of Santa Maria and Shell-Martinez petroleum coke at 3% sulfur. This re-proposal is based on comments received from the facility and are attached to the evaluation.

Enclosed is the engineering evaluation with the following attachments: proposed modified Title V PTO(s) C-603-1-7, application, and previous Title V permit. This project will be finalized after the 45-day EPA comment period.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Jim Swaney at (559) 230-5900.

Sincerely,

David Warner
Director of Permit Services

Enclosures
cc: Martin Keast, Permit Services

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TITLE V APPLICATION REVIEW

Minor Modification
Project #: C-1091408

Engineer: Martin Keast
Date: May 28, 2010

Facility Number: C-603
Facility Name: Hanford LP
Mailing Address: 4300 Railroad Ave

Pittsburg, CA 94565

Contact Name: Mark Kehoe
Phone: 925-431-1440

Responsible Official: Mark Kehoe
Title: Director

I. PROPOSAL

Hanford LP is proposing a Title V minor permit modification to burn a blend of Santa Maria and Shell-Martinez petroleum coke because their normal supplier from Bakersfield (Big West) is in bankruptcy. This new blend will have a total sulfur content of 3% by weight. This change is allowed with written approval by condition 1. of permit to operate #C-603-1-5 (see attached). This action is to change condition 1. to allow for this blend of petroleum coke.

This re-proposal is based on comments received from the facility and are attached to the evaluation. The purpose of this evaluation is to identify all applicable requirements, determine if the facility will comply with the applicable requirements and to provide the legal and factual basis for the proposed revisions.

II. FACILITY LOCATION

10596 Idaho Ave, Hanford, CA

III. EQUIPMENT DESCRIPTION

C-603-1-9: 30 MW FLUIDIZED BED COMBUSTOR FUELED BY PETROLEUM COKE, NATURAL GAS, AND NO. 2 FUEL OIL UP TO 320 MMBTU/HR

IV. SCOPE OF EPA AND PUBLIC REVIEW

This change to a Title V permit is considered to be a minor modification and, as such, requires no public review.

V. APPLICABLE REQUIREMENTS

District Rule 2520, Federally Mandated Operating Permits (Adopted June 21, 2001)

VI. DESCRIPTION OF PROPOSED MODIFICATIONS

C-603-1-7:
Permit condition 1 and 2 are removed as the demonstration of alternative coke has been completed.
Permit conditions 3 and 4 our obsolete startup conditions that are no longer applicable and are therefore removed from the operating permit.
Permit conditions 5 through 16 remain unchanged and are being retained on the new permit C-603-1-7.
Permit Condition 18 has been revised to the single SOX concentration of 35 ppmv as condition 16.
Permit conditions 17 and 19 through 27 are remain unchanged and are being retained on the new permit C-603-1-7.
Permit condition 28 and 29 are startup conditions that are now obsolete and are removed from the operating permit.
Permit conditions 30 through 45 are remain unchanged and are being retained on the new permit C-603-1-7.

VII. COMPLIANCE

In accordance with Rule 2520, 3.20, these modifications:

1. Do not violate requirements of any applicable federally enforceable local or federal requirement;
2. Do not relax monitoring, reporting, or recordkeeping requirements in the permit and are not significant changes in existing monitoring permit terms or conditions;
3. Do not require or change a case-by-case determination of an emission limitation or other standard, or a source-specific determination for temporary sources of ambient impacts, or a visibility or increment analysis;
4. Do not seek to establish or change a permit term or condition for which there is no corresponding underlying applicable requirement and that

the source has assumed to avoid an applicable requirement to which the source would otherwise be subject. Such terms and conditions include;

a. A federally enforceable emission cap assumed to avoid classification as a modification under any provisions of Title I of the Federal Clean Air Act; and
b. An alternative emissions limit approved pursuant to regulations promulgated under section 112(i)(5) of the Federal Clean Air Act; and

5. Are not Title I modifications as defined in District Rule 2520 or modifications as defined in section 111 or 112 of the Federal Clean Air Act; and
6. Do not seek to consolidate overlapping applicable requirements.

In accordance with Rule 2520, the application meets the procedural requirements of section 11.4 by including;

1. A description of the change, the emissions resulting from the change, and any new applicable requirements that will apply if the change occurs;
2. The source's suggested draft permit; and
3. Certification by a responsible official that the proposed modification meets the criteria for use of minor permit modification procedures and a request that such procedures be used.

VIII. ATTACHMENTS

A. Proposed Modified Title V Operating Permit No. C-603-1-7
B. Existing Permit to Operate No. C-603-1-9
C. Emissions Increases
D. Application

ATTACHMENT A

Proposed Title V Operating Permit

San Joaquin Valley
Air Pollution Control District

PERMIT UNIT: C-603-1-7 **EXPIRATION DATE:** 04/30/2008

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EQUIPMENT DESCRIPTION:
30 MW FLUIDIZED BED COMBUSTOR FUELED BY PETROLEUM COKE, NATURAL GAS, AND NO. 2 FUEL OIL UP TO 320 MMBTU/HR

PERMIT UNIT REQUIREMENTS

1. Fuel consumption in the fluidized bed combustor shall not exceed 320 MMBTU/hr of petroleum coke, natural gas, and No. 2 fuel oil. [District Rule 2201] Federally Enforceable Through Title V Permit
2. Natural gas utilization in the fluidized bed combustor shall not exceed 48 MMBTU/hr. Fuel oil may only be used during warm-up or as necessary to establish or maintain bed temperature at 1,560 degree F at a rate not to exceed 170 MMBTU/hr. [District Rule 2201] Federally Enforceable Through Title V Permit
3. Natural gas consumption in the low pressure evaporator shall not exceed 2 million scf in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit
4. The NOx emissions (measured as NO2) from the combined exhaust of the low pressure evaporator and fluidized bed combustor shall not exceed 245 pounds in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit
5. The NOx concentration (as NO2 corrected to 3% O2) in the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 28 ppmvd averaged over any 3 hour period when the freeboard temperature is at least 1,560 degree F. [District Rules 2201, District Rule 4301 and District Rule 4352, 5.1] Federally Enforceable Through Title V Permit
6. The carbon monoxide emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 544 pounds in any one day. [District Rule 2201 and District Rule 4352, 5.3] Federally Enforceable Through Title V Permit
7. Annual carbon monoxide emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 156,000 pounds per year. [District Rule 2201] Federally Enforceable Through Title V Permit
8. The VOC emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 60 pounds in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit
9. The PM10 emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 80 pounds in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit
10. The concentration of particulate matter in the exhaust from the main baghouse shall not exceed 0.005 gr/dscf corrected to 12% CO2. [District Rule 2201, District Rule 4301, and 40 CFR 60.43b(c)] Federally Enforceable Through Title V Permit
11. SOx emissions (calculated as SO2) from the combined exhaust of the combustor and the low pressure evaporator shall not exceed 469 pounds per day. [District Rule 2201] Federally Enforceable Through Title V Permit
12. Sorbent shall be injected into the fluidized bed combustor at a rate sufficient to meet the SOx concentration and emissions limits in these conditions. [District Rule 2201] Federally Enforceable Through Title V Permit

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PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

13. The SOx concentration (as SO2 corrected to 3% O2) in the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 35 ppmvd averaged over any three hour period when the bed temperature was at least 1,500 degree F. [District Rule 2201, District Rule 4301and District Rule 4801] Federally Enforceable Through Title V Permit

14. A start-up event commences when the petroleum coke feed to the CFBC is initiated and/or the freeboard temperature is 1,560 degree F. The start-up event is complete when the NOx concentration and SOx concentration are in compliance with the concentration limits. A shutdown event commences when the petroleum coke feed to the CFBC is terminated and is complete when the combustion air flow to the CFBC is terminated. [District Rule 2201] Federally Enforceable Through Title V Permit

15. When fired on Bakersfield, or other equivalent low sulfur petroleum coke, the SOx emissions (calculated as SO2) from the combined exhaust of the combustor and low pressure evaporator shall not exceed 244 pounds in any one day in the third quarter or 245 pounds in any one day in any of the other three calendar quarters. [District Rule 2201] Federally Enforceable Through Title V Permit

16. Upon District approval, when firing the approved alternate petroleum coke, SOx emissions (calculated as SO2) from the combined exhaust of the combustor and the low pressure evaporator shall not exceed 469 pounds per day. [District Rule 2201] Federally Enforceable Through Title V Permit

17. The start-up/shutdown event shall not exceed any of the following limits: 2 hours, 1 per day, 50 per year. [District Rule 2201] Federally Enforceable Through Title V Permit

18. Emissions from the circulating fluidized bed combustor shall not exceed either of the following limits during a start-up or shutdown event: 140 lb NOx/hr or 200 lb SO2/hr. [District Rule 2201] Federally Enforceable Through Title V Permit

19. In no event shall SO2 emissions from the combined exhaust of the combustor and the low pressure evaporator exceed 76.1 ton/yr. [District Rule 2201 and 40 CFR 52.21] Federally Enforceable Through Title V Permit

20. Ammonia shall be injected into the fluidized bed combustor as necessary to meet the limits in these conditions and whenever the freeboard temperature is at least 1,560 degree F. [District Rule 2201] Federally Enforceable Through Title V Permit

21. The concentration of ammonia in the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 30 ppmvd. [District Rule 2201] Federally Enforceable Through Title V Permit

22. Source testing to demonstrate compliance with permit conditions and all rules and regulations shall be conducted on an annual basis. [District Rule 1081] Federally Enforceable Through Title V Permit

23. Performance testing shall be conducted annually for NOx, CO, SOx, and PM(10) at normal operating capacity using following test methods; for NOx, EPA Method 7E or ARB Method 1-100; for CO, EPA Method 10 or ARB Method 100; for SOx, EPA Method 6 or 6C ; and for PM(10), EPA Method 201A, and SCAQMD Method 5.3 and 6.1. [District Rules 1081 and 2201] Federally Enforceable Through Title V Permit

24. Filterable PM(10) shall be quantified using EPA Method 201A. Condensable PM10 from the back-half of the test apparatus shall be quantified using SCAQMD methods 5.3 and 6.1. Total PM10 is the sum of the results of these two tests. [District Rules 1081 and 2201] Federally Enforceable Through Title V Permit

25. Source testing to measure SOx emissions from this unit shall be conducted within 60 days of initial start-up on the approved alternate petroleum coke. [District Rules 2201] Federally Enforceable Through Title V Permit

26. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit

27. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit

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PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

28. The pressure drop across the filter fabric in the combustion exhaust baghouse shall be monitored daily. Immediate corrective action must be taken if the pressure drop in any section is greater than 10 inches H2O or less than 0.5 inches H2O. [District Rule 2201] Federally Enforceable Through Title V Permit

29. A Continuous Emissions Monitoring System shall be in place and operating whenever the facility is operating. NOx (as NO2 corrected to 3% O2), SOx as SO2, CO, opacity and O2 concentrations must be recorded continuously. [District Rule 1080] Federally Enforceable Through Title V Permit

30. Results of continuous emissions monitoring shall be reduced according to the procedure established in 40 CFR, Part 51, Appendix P, paragraphs 5.0 through 5.3.3, or by other methods deemed equivalent by mutual agreement with the District, the ARB, and the EPA. [District Rule 1080] Federally Enforceable Through Title V Permit

31. The continuous monitoring equipment must be linked to a data logger which is compatible with the District's data acquisition system. [District Rule 1080 and District Rule 4352] Federally Enforceable Through Title V Permit

32. The owner/operator shall perform a relative accuracy test audit (RATA) as specified by 40 CFR Part 60, Appendix F, 5.11, at least once every four calendar quarters. The permittee shall comply with the applicable requirements for quality assurance testing and maintenance of the continuous emission monitor equipment in accordance with the procedures and guidance specified in 40 CFR Part 60, Appendix F. [District Rule 1080] Federally Enforceable Through Title V Permit

33. Operator shall notify the APCO no later than eight hours after the detection of a breakdown of the CEMS. Operator shall inform the APCO of the intent to shut down the CEMS at least 24 hours prior to the event. [District Rule 1080; Fresno County Rule 108] Federally Enforceable Through Title V Permit

34. The permittee shall submit a written report to the APCO for each calendar quarter, within 30 days of the end of the quarter, including: time intervals, data and magnitude of excess emissions, nature and cause of excess emissions (if known), corrective actions taken and preventive measures adopted; averaging period used for data reporting shall correspond to the averaging period for each respective emission standard; applicable time and date of each period during which the CEM was inoperative (except for zero and span checks) and the nature of system repairs and adjustments; and a negative declaration when no excess emissions occurred. [District Rule 1080, 40 CFR 60.49b(f) and 40 CFR 60.49b(h)] Federally Enforceable Through Title V Permit

35. An ultimate analysis for each lot of liquid or solid fuel received shall be maintained on site and made available to the District upon request. The analyses shall include heating value, sulfur content, and nitrogen content. [District Rule 1070] Federally Enforceable Through Title V Permit

36. Records of all daily fuel consumption shall be maintained on site and submitted to the District with quarterly reports and upon request. [District Rule 1070, District rule 1080, District Rule 4352 and 40 CFR 60.49b(d)] Federally Enforceable Through Title V Permit

37. {748} A violation of NOx emission standards indicated by the NOx CEM shall be reported by the operator to the APCO within 96 hours. [Rule 108 (Kings, Fresno, Merced San Joaquin, Tulare, Kern, and Stanislaus) and Rule 109 (Madera) and District Rule 1080, 9.0] Federally Enforceable Through Title V Permit

38. If the unit is fired on diesel fuel that is not supplier-certified 0.0015% sulfur content or less, the sulfur content of each fuel source shall be tested weekly, except that if compliance with the fuel sulfur content limit has been demonstrated for 8 consecutive weeks for a fuel source, then the testing frequency shall be semi-annually. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

39. {2804} Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

40. Records of system maintenance, inspections, and repair shall be maintained. The records shall include identification of the equipment, date of inspection, corrective action taken, and identification of the individual performing the inspection. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

41. {2805} Operator shall maintain all records for at least five years and conform to the recordkeeping requirements described in District Rule 2520. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

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ATTACHMENT B

Existing Permit to Operate

San Joaquin Valley
Air Pollution Control District

PERMIT UNIT: C-603-1-9 **EXPIRATION DATE:** 04/30/2008

EQUIPMENT DESCRIPTION:
30 MW FLUIDIZED BED COMBUSTOR FUELED BY PETROLEUM COKE, NATURAL GAS, AND NO. 2 FUEL OIL UP TO 320 MMBTU/HR

PERMIT UNIT REQUIREMENTS

1. Bakersfield, or other equivalent low sulfur petroleum coke, shall be utilized. An alternative petroleum coke representing the lowest sulfur available petroleum coke may be utilized upon demonstration and approval by the APCO, as described in condition 4. [District Rule 2201] Federally Enforceable Through Title V Permit
2. Prior to utilizing an alternate petroleum coke, Hanford LP shall submit, for approval from the APCO, a written request demonstrating that Bakersfield, or other equivalent low sulfur petroleum coke, is not available. This request shall include the following: 1) A demonstration, to the satisfaction of the District, that Bakersfield, or other equivalent low sulfur petroleum coke, can not be supplied under a long-term contract by a San Joaquin Valley refinery; or 2) An analysis demonstrating that the historically utilized Bakersfield, or other equivalent low sulfur petroleum coke, is no longer economically feasible as a fuel source and is therefore unavailable. In either case, a demonstration that the proposed alternate petroleum coke is the lowest sulfur available petroleum coke must also be submitted. [District Rule 2201] Federally Enforceable Through Title V Permit
3. Prior to utilizing the approved alternate petroleum coke, Hanford LP shall surrender SOx emission reduction credits for all emissions increases, not to exceed the following approved increase in emissions: 1st quarter - 15,717 lb, 2nd quarter - 15,717 lb, 3rd quarter - 15,717 lb, and fourth quarter - 15,717 lb. Offsets shall be provided at the applicable offset ratio specified in Table 4-2 of Rule 2201 (as amended 12/19/02). [District Rule 2201] Federally Enforceable Through Title V Permit
4. ERC Certificates Numbers C-517-5, C-442-5, C-605-5, C-520-5, S-1628-5, S-1623-5, S-1628-19, and N-382-5 (or a certificate split from these certificates) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this permit shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements shall be duplicated prior to reissuance of this permit. [District Rule 2201] Federally Enforceable Through Title V Permit
5. Fuel consumption in the fluidized bed combustor shall not exceed 320 MMBTU/hr of petroleum coke, natural gas, and No. 2 fuel oil. [District Rule 2201] Federally Enforceable Through Title V Permit
6. Natural gas utilization in the fluidized bed combustor shall not exceed 48 MMBTU/hr. Fuel oil may only be used during warm-up or as necessary to establish or maintain bed temperature at 1,560 degree F at a rate not to exceed 170 MMBTU/hr. [District Rule 2201] Federally Enforceable Through Title V Permit
7. Natural gas consumption in the low pressure evaporator shall not exceed 2 million scf in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit
8. The NOx emissions (measured as NO2) from the combined exhaust of the low pressure evaporator and fluidized bed combustor shall not exceed 245 pounds in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

9. The NOx concentration (as NO2 corrected to 3% O2) in the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 28 ppmvd averaged over any 3 hour period when the freeboard temperature is at least 1,560 degree F. [District Rules 2201, District Rule 4301 and District Rule 4352, 5.1] Federally Enforceable Through Title V Permit

10. The carbon monoxide emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 544 pounds in any one day. [District Rule 2201 and District Rule 4352, 5.3] Federally Enforceable Through Title V Permit

11. Annual carbon monoxide emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 156,000 pounds per year. [District Rule 2201] Federally Enforceable Through Title V Permit

12. The VOC emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 60 pounds in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit

13. The PM10 emissions from the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 80 pounds in any one day. [District Rule 2201] Federally Enforceable Through Title V Permit

14. The concentration of particulate matter in the exhaust from the main baghouse shall not exceed 0.005 gr/dscf corrected to 12% CO2. [District Rule 2201, District Rule 4301, and 40 CFR 60.43b(c)] Federally Enforceable Through Title V Permit

15. When fired on Bakersfield, or other equivalent low sulfur petroleum coke, the SOx emissions (calculated as SO2) from the combined exhaust of the combustor and low pressure evaporator shall not exceed 244 pounds in any one day in the third quarter or 245 pounds in any one day in any of the other three calendar quarters. [District Rule 2201] Federally Enforceable Through Title V Permit

16. Upon District approval, when firing the approved alternate petroleum coke, SOx emissions (calculated as SO2) from the combined exhaust of the combustor and the low pressure evaporator shall not exceed 469 pounds per day. [District Rule 2201] Federally Enforceable Through Title V Permit

17. Sorbent shall be injected into the fluidized bed combustor at a rate sufficient to meet the SOx concentration and emissions limits in these conditions. [District Rule 2201] Federally Enforceable Through Title V Permit

18. When fired on Bakersfield, or other equivalent low sulfur petroleum coke, the SOx concentration (as SO2 corrected to 3% O2) in the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 20.2 ppmvd averaged over any three hour period when the bed temperature was at least 1,500 degree F. [District Rule 2201, District Rule 4301and District Rule 4801] Federally Enforceable Through Title V Permit

19. A start-up event commences when the petroleum coke feed to the CFBC is initiated and/or the freeboard temperature is 1,560 degree F. The start-up event is complete when the NOx concentration and SOx concentration are in compliance with the concentration limits. A shutdown event commences when the petroleum coke feed to the CFBC is terminated and is complete when the combustion air flow to the CFBC is terminated. [District Rule 2201] Federally Enforceable Through Title V Permit

20. The start-up/shutdown event shall not exceed any of the following limits: 2 hours, 1 per day, 50 per year. [District Rule 2201] Federally Enforceable Through Title V Permit

21. Emissions from the circulating fluidized bed combustor shall not exceed either of the following limits during a start-up or shutdown event: 140 lb NOx/hr or 200 lb SO2/hr. [District Rule 2201] Federally Enforceable Through Title V Permit

22. In no event shall SO2 emissions from the combined exhaust of the combustor and the low pressure evaporator exceed 76.1 ton/yr. [District Rule 2201 and 40 CFR 52.21] Federally Enforceable Through Title V Permit

23. Ammonia shall be injected into the fluidized bed combustor as necessary to meet the limits in these conditions and whenever the freeboard temperature is at least 1,560 degree F. [District Rule 2201] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

24. The concentration of ammonia in the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 30 ppmvd. [District Rule 2201] Federally Enforceable Through Title V Permit

25. Source testing to demonstrate compliance with permit conditions and all rules and regulations shall be conducted on an annual basis. [District Rule 1081] Federally Enforceable Through Title V Permit

26. Performance testing shall be conducted annually for NOx, CO, SOx, and PM(10) at normal operating capacity using following test methods; for NOx, EPA Method 7E or ARB Method 1-100; for CO, EPA Method 10 or ARB Method 100; for SOx, EPA Method 6 or 6C ; and for PM(10), EPA Method 201A, and SCAQMD Method 5.3 and 6.1. [District Rules 1081 and 2201] Federally Enforceable Through Title V Permit

27. Filterable PM(10) shall be quantified using EPA Method 201A. Condensable PM10 from the back-half of the test apparatus shall be quantified using SCAQMD methods 5.3 and 6.1. Total PM10 is the sum of the results of these two tests. [District Rules 1081 and 2201] Federally Enforceable Through Title V Permit

28. Source testing to measure SOx emissions from this unit shall be conducted within 60 days of initial start-up on the approved alternate petroleum coke. [District Rules 2201] Federally Enforceable Through Title V Permit

29. Within 90 days of the initial source test, Hanford L.P. shall prepare and submit to the District a report proposing the SO2 concentration (as SO2 corrected to 3% O2) for the approved alternate petroleum coke, for inclusion in this permit. The report shall provide all relevant information and data, and a technical demonstration that, when fired on the approved alternate petroleum coke, the proposed SO2 emission concentration (as SO2 corrected to 3% O2) in the combined exhaust of the fluidized bed combustor and low pressure evaporator, is the lowest achievable concentration, not to exceed 35 ppmvd averaged over any 3 hour period when the bed temperature is at least 1,500 degree F. [District Rule 2201] Federally Enforceable Through Title V Permit

30. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit

31. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit

32. The pressure drop across the filter fabric in the combustion exhaust baghouse shall be monitored daily. Immediate corrective action must be taken if the pressure drop in any section is greater than 10 inches H2O or less than 0.5 inches H2O. [District Rule 2201] Federally Enforceable Through Title V Permit

33. A Continuous Emissions Monitoring System shall be in place and operating whenever the facility is operating. NOx (as NO2 corrected to 3% O2), SOx as SO2, CO, opacity and O2 concentrations must be recorded continuously. [District Rule 1080] Federally Enforceable Through Title V Permit

34. Results of continuous emissions monitoring shall be reduced according to the procedure established in 40 CFR, Part 51, Appendix P, paragraphs 5.0 through 5.3.3, or by other methods deemed equivalent by mutual agreement with the District, the ARB, and the EPA. [District Rule 1080] Federally Enforceable Through Title V Permit

35. The continuous monitoring equipment must be linked to a data logger which is compatible with the District's data acquisition system. [District Rule 1080 and District Rule 4352] Federally Enforceable Through Title V Permit

36. The owner/operator shall perform a relative accuracy test audit (RATA) as specified by 40 CFR Part 60, Appendix F, 5.11, at least once every four calendar quarters. The permittee shall comply with the applicable requirements for quality assurance testing and maintenance of the continuous emission monitor equipment in accordance with the procedures and guidance specified in 40 CFR Part 60, Appendix F. [District Rule 1080] Federally Enforceable Through Title V Permit

37. Operator shall notify the APCO no later than eight hours after the detection of a breakdown of the CEMS. Operator shall inform the APCO of the intent to shut down the CEMS at least 24 hours prior to the event. [District Rule 1080; Fresno County Rule 108] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

38. The permittee shall submit a written report to the APCO for each calendar quarter, within 30 days of the end of the quarter, including: time intervals, data and magnitude of excess emissions, nature and cause of excess emissions (if known), corrective actions taken and preventive measures adopted; averaging period used for data reporting shall correspond to the averaging period for each respective emission standard; applicable time and date of each period during which the CEM was inoperative (except for zero and span checks) and the nature of system repairs and adjustments; and a negative declaration when no excess emissions occurred. [District Rule 1080, 40 CFR 60.49b(f) and 40 CFR 60.49b(h)] Federally Enforceable Through Title V Permit

39. An ultimate analysis for each lot of liquid or solid fuel received shall be maintained on site and made available to the District upon request. The analyses shall include heating value, sulfur content, and nitrogen content. [District Rule 1070] Federally Enforceable Through Title V Permit

40. Records of all daily fuel consumption shall be maintained on site and submitted to the District with quarterly reports and upon request. [District Rule 1070, District rule 1080, District Rule 4352 and 40 CFR 60.49b(d)] Federally Enforceable Through Title V Permit

41. A violation of NOx emission standards indicated by the NOx CEM shall be reported by the operator to the APCO within 96 hours. [Rule 108 (Kings, Fresno, Merced San Joaquin, Tulare, Kern, and Stanislaus) and Rule 109 (Madera) and District Rule 1080, 9.0] Federally Enforceable Through Title V Permit

42. If the unit is fired on diesel fuel that is not supplier-certified 0.0015% sulfur content or less, the sulfur content of each fuel source shall be tested weekly, except that if compliance with the fuel sulfur content limit has been demonstrated for 8 consecutive weeks for a fuel source, then the testing frequency shall be semi-annually. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

43. Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

44. Records of system maintenance, inspections, and repair shall be maintained. The records shall include identification of the equipment, date of inspection, corrective action taken, and identification of the individual performing the inspection. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

45. Operator shall maintain all records for at least five years and conform to the recordkeeping requirements described in District Rule 2520. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit

ATTACHMENT C

Emissions Increases

There are no emission increases as a result of this action.

	SSIPE (lb/yr)				
	NOx	VOC	CO	SOx	PM10
C-603-1-7	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**

ATTACHMENT D

Application

San Joaquin Valley Air Pollution Control District

www.valleyair.org

RECEIVED
MAR 26 2009
Permits Srvc
SJVAPCD

Permit Application For:

[X] ADMINISTRATIVE AMENDMENT [ ] MINOR MODIFICATION [ ] SIGNIFICANT MODIFICATION

1. PERMIT TO BE ISSUED TO: **Hanford L.P.**

2. MAILING ADDRESS:

STREET/P.O. BOX: **4300 Railroad Avenue**

CITY: **Pittsburg** STATE: **CA** 9-DIGIT ZIP CODE: **94565-6003**

3. LOCATION WHERE THE EQUIPMENT WILL BE OPERATED:

STREET: **10596 Idaho Ave** CITY: **Hanford**

_____ ¼ SECTION _____ TOWNSHIP _____ RANGE _____

INSTALLATION DATE: 6/1/09

4. GENERAL NATURE OF BUSINESS: Electric Power Generation

5. DESCRIPTION OF EQUIPMENT OR MODIFICATION FOR WHICH APPLICATION IS MADE
(include Permit #'s if known, and use additional sheets if necessary)

C-603-1-5, Condition 2 – Convert plant from low sulfur content fuel to petroleum coke with a sulfur content greater than 3% due to the loss of the low sulfur fuel supply from the Big West refinery in Bakersfield, CA.

6. TYPE OR PRINT NAME OF APPLICANT: **Mark Kehoe**

TITLE OF APPLICANT: **Director, Environmental and Safety**

7. SIGNATURE OF APPLICANT: DATE: 3/23/09

PHONE: (925) 431-1440
FAX: (925) 431-0518
EMAIL: mkehoe@gwfpower.com

For APCD Use Only:

DATE STAMP

FILING FEE RECEIVED: $ Ø *CHECK#:* _____

DATE PAID: _____

PROJECT NO: C-1091408 *FACILITY ID:* C-603

RECEIVED
MAR 25 2009

GWF

GWF POWER SYSTEMS

March 23, 2009

Mr. James Swaney, Director Permit Services
San Joaquin Valley Air Pollution Control District
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244

RE: C-603-1-5 – Request for Approval to Use an Alternative Petroleum Coke

Dear Mr. Swaney:

Hanford L.P. is hereby requesting approval for the use of an alternative petroleum coke or cokes at the Hanford L.P. facility as set forth in Condition 2 of the permit #C-603-1-5 (Application for Administrative Amendment TV-008 enclosed). Upon approval, Hanford L.P. will withdraw the SOx emission reduction credits and certificates as set forth in Conditions 3 and 4 of the Title V permit. The Application for ERC Transfer of Ownership will be submitted under separate cover.

BACKGROUND

Hanford L.P. has relied on petroleum coke supplied by the Bakersfield refinery currently owned by Big West Oil LLC and the previous owners Shell and Texaco for the past seventeen years. On December 22, 2008 Flying J/Big West filed for Chapter 11 Bankruptcy protection in Federal Court. The Bakersfield refinery continued to operate at reduced rate through December and early January at which time the refinery was shut down. We were informed by Big West that the refinery was going to be shut down and future operation was subject to a final resolution in the bankruptcy proceeding. On February 17, 2009, by Stipulation to the Court, Hanford L.P. was relieved of its contractual obligations in the Petroleum Coke Supply Agreement.

In separate requests, the District has approved the use of delayed petroleum coke produced by the Shell Martinez and Exxon-Mobil Torrance refineries. Petroleum Coke has been made available on a "spot" basis meaning quantities necessary to operate the Hanford facility on contractual basis is yet to be determined. Preliminary indication is that Exxon-Mobil Torrance would only be available on a "spot" basis but that Shell Martinez would be available on a longer term basis.

The future long term economic viability of Hanford is dependent on the price of petroleum Coke delivered to the facility. A major component of the "delivered" price is the transportation cost which is dependent on the proximity of the refinery to Hanford.

4300 RAILROAD AVE., PITTSBURG, CALIFORNIA 94565 • TEL. (925) 431-1444 • FAX (925) 431-0515

For this reason, the Bakersfield refinery has always provided the lower transportation costs and in turn most favorably priced petroleum coke. Because there are no other refineries in the San Joaquin Valley, alternative sources are located either in the Bay Area or the Los Angeles Basin with one exception, Conoco-Phillips Santa Maria which is located only slightly further away from Hanford than Bakersfield. Conoco-Phillips sulfur content ranges from 4.0-4.5% while the Shell Martinez runs 1.5%-1.7% and Exxon-Mobil Torrance runs 1.0-1.2%.

After reviewing all of the petroleum coke supplies and the associated delivered costs, Hanford L.P. has concluded that a blend of Shell Martinez and Conoco-Phillips Santa Maria to a 3+% sulfur content will provide a delivered fuel cost that preserves the economic viability of the Hanford facility.

A summary of the petroleum coke prices fob refinery and the associated transportation costs are summarized in the Table 1. This pricing information is deemed confidential and proprietary by Hanford L.P.

Table 1

Source	**% Sulfur**	**Price FOB Refinery ($/ton)**	**Transportation Cost ($/ton)**	**Delivered Price ($/ton)**
Shell-Martinez	1.5-1.7	[redacted]	[redacted]	[redacted]
Exxon-Mobil Torrance	1.0-1.5	[redacted]	[redacted]	[redacted]
Conoco-Phillips Santa Maria	4.0-4.5	[redacted]	[redacted]	[redacted]

Condition 2 of the Operating Permit requires that Hanford LP, prior to utilizing an alternative petroleum coke, submit for approval from the APCO a written request demonstrating that Bakersfield or other equivalent low sulfur petroleum coke is not available and to include the following:

1) A demonstration, to the satisfaction of the District, that Bakersfield, or other equivalent low sulfur petroleum coke cannot supplied under a long-term contract by a San Joaquin Valley refinery.

Bakersfield has ceased operations and terminated our contractual obligations and there are no other operating refineries located in the San Joaquin Valley.

2) An analysis demonstrating that the Bakersfield, or other equivalent low sulfur petroleum coke, is no longer economically feasible as a fuel source and is therefore unavailable.

Bakersfield is no longer available as a result of the shutdown and when transportation costs are included hauling petroleum coke from either the Bay Area or Los Angeles Basin significantly increase the cost of fuel as illustrated in Table 1.To demonstrate that the proposed alternative coke is the lowest sulfur available petroleum coke, we have taken the approach of blending the Santa

Maria petroleum coke which is the lowest delivered price petroleum coke with the Shell Martinez low sulfur coke to a sulfur content of 3+% which will result in a delivered fuel price that maintains the economic viability of Hanford.

In summary, Hanford L.P. is providing a petroleum coke blending approach that provides the continued economic viability to maintain Hanford's continued operation while minimizing the fuel sulfur content compared with the fuel sulfur of the petroleum coke utilized in the testing conducted in 2004 which provided the basis for the ATC submitted in 2004.

Upon final approval of the alternative fuel sources and the acceptance of the ERC certificate withdraw Hanford L.P. will initiate the start-up of the alternative fuel supply that requires a compliance source test be completed within 60 days in accordance with Condition 18.

Thank you for your time and consideration regarding this request. If you have any questions please feel free to contact me at 925.431.1440.

Respectfully,
Hanford L.P.

Mark Kehoe
Director, Environmental and Safety

Cc D. Wheeler, GWF
K. Kolnowski, GWF
R. Mann, Hanford L.P.

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

Mark Kehoe
GWF Power Systems
4300 Railroad Ave
Pittsburg, CA 94565

Re: Hanford LP (C-603) Application of Fuel Change

Dear Mr. Kehoe:

In response to your application dated March 25, 2009 requesting the utilization of blends of Conoco-Phillips Santa Maria and Shell Martinez Delayed Coke as an approved fuel at 10596 Idaho Ave in Hanford, CA, the proposed fuel appears to have higher Sulfur content than "equivalent Bakersfield, or other equivalent low sulfur petroleum coke" as specified in condition 1 of current valid permit C-603-1-5. Condition 17 of permit C-603-1-5 specifies, "when fired on Bakersfield, or other equivalent low sulfur petroleum coke, the SOx concentration (as SO2 corrected to 3% O2) in the combined exhaust of the fluidized bed combustor and low pressure evaporator shall not exceed 20.2 ppmdv averaged over any three-hour period when the bed temperature was at least 1500 F."

This emissions limit is based on fuel with a maximum sulfur content of 2% Sulfur by weight. Since the blend you propose has a maximum sulfur content of 3% by weight, the excess emissions must be offset. You state SOX emission reduction credits (ERC) will be withdrawn under a separate application to comply with Condition 3. Upon approval of the surrendered ERCs, your permit will be changed to allow the fuel blend you propose.

Thank you for your cooperation in this matter. Should you have any questions, please contact Martin Keast of Permit Services at (559) 230-5880.

Sincerely,

David Warner
Director of Permit Services

Jim Swaney, P.E.
Permit Services Manager

mk

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061
www.valleyair.org

Southern Region
2700 M Street, Suite 275
Bakersfield, CA 93301-2373
Tel: (661) 326-6900 FAX: (661) 326-6985

Printed on recycled paper

Hanford LP
C-603-1-7 – Draft
Comments: May 20, 2010

Hanford LP proposed changes: C-603-1-7 (Current permit is C-603-1-9)

Condition 1: ~~A blend of Santa Maria and Shell-Martinez petroleum coke with less than 3% sulfur by weight, Bakersfield or other equivalent low sulfur petroleum coke shall be utilized. An alternative petroleum coke representing the lowest sulfur available petroleum coke may be utilized upon demonstration and approval by the APCO, as described in condition 4.~~ **Hanford LP (C-603) is allowed to use the most economical petroleum coke available at the time of operation. Hanford LP shall use the petroleum coke with the lowest fuel sulfur content base on the fuel economics. The APCO acknowledges that Hanford LP has conducted fuel tests and provided emissions reduction credits (ERCs) to fully offset the increased SOx emissions from the facility.**

Condition 2: ~~Prior to utilizing an alternative petroleum coke, Hanford L.P. shall submit...~~

The requirements of this condition have been fulfilled. The District approved the change to a high sulfur fuel (>2.5% sulfur) in March 2009. Please delete Condition 2.

Condition 12: ~~When fired on Bakersfield or other equivalent low sulfur petroleum coke...~~

There is no low sulfur petroleum coke available in California that is economical to run at Hanford LP. All low sulfur coke is used in steel manufacturing and brings a premium to producers. (See memo from Patrick Burk, Director of Procurement) Please delete Condition 12.

Condition 13: ~~Upon District approval, when firing the approved alternate petroleum coke,~~ **SOx emissions (calculated as SO2) from the combined exhaust of the combustor... shall not exceed 469 pounds per day. SO2 emission concentration (as SO2 corrected to 3% O2) in the combined exhaust of the fluidized bed combustor and low pressure evaporator, shall not exceed 35 ppmdv averaged over any 3 hour period when the bed temperature is at least 1500 F.**

Condition 15: ~~When fired on Bakersfield, or other equivalent low sulfur petroleum coke, the SOx concentration...~~
Please delete Condition 15, not applicable for the new fuel supply.

Condition 16: ~~Source testing to measure the SOx emissions from this unit shall be conducted within 60 days...~~
The source test was completed on October 6, 2009. The test report was submitted on December 30, 2009. Please delete Condition 16.

Condition 17: ~~Within 90 days of the initial source test, Hanford L.P. shall prepare and submit ...~~

Hanford L.P. submitted the required technical report was submitted to the District on December 30, 2009. Please delete Condition 17.