

AIR QUALITY
MANAGEMENT DISTRICT**STATEMENT OF BASIS FOR
INITIAL TITLE V FEDERAL OPERATING PERMIT**

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| Title V Permit No.: | <u>TV2006-19-01</u> |
| Date: | <u>July 03, 2007</u> |
| Reviewing Engineer: | <u>Bruce Nixon</u> |

FACILITY INFORMATION:

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| <u>FACILITY NAME:</u> | Cosumnes Power Plant Sacramento Municipal Utility District Financing Authority (SFA) |
| <u>LOCATION:</u> | 14295 Clay East Road Herald, CA 95638 |
| <u>MAILING ADDRESS:</u> | P.O. Box 15830, Mail Stop B355 Sacramento, CA 95852-1830 |
| <u>RESPONSIBLE OFFICIAL:</u> | James Shetler SFA Representative (916) 732-6757 |
| <u>CONTACT PERSON:</u> | Terry Rennie Facility Manager (209) 748-5177 |

PURPOSE OF THIS STATEMENT OF BASIS

The Title V Federal Operating Permit is intended to be a document containing only enforceable terms and conditions as well as any additional information, such as the identification of emission units, emission points, emission sources and processes, that makes the terms meaningful. 40 CFR Part 70.7(a)(5) requires that each Title V permit have an accompanying "...statement that sets forth the legal and factual basis for the draft permit conditions". The purpose of this Statement of Basis is to satisfy the above requirement by providing pertinent details regarding the permit/application data and permit conditions in a more easily understandable format. This report will also include background narrative and explanations of regulatory decisions made by the reviewer. It should be emphasized that this Statement of Basis, while based on information contained in the permit, is a separate document and is not itself an enforceable term and condition of the permit.

PERMIT ACTION:

This Statement of Basis is for the initial Title V Federal Operating Permit No. TV2006-19-01 to be issued to the Sacramento Municipal Utility District Financing Authority - Cosumnes Power Plant. The facility began operation in October 2005. The Title V permit application was received in August 2006 and was determined to be complete on October 03, 2006. The SMAQMD is required to issue the Title V permit within 18 months of determining that the Title V application is complete.

FACILITY DESCRIPTION:

SFA Cosumnes Power Plant became operational in October 2005. The facility generates electricity only and does not provide steam for use by others. There are two gas turbine generator units:

- a. baseload gas turbine no. 2 with a non-fired heat recovery steam generator (HRSG).
- b. baseload gas turbine no. 3 with a non-fired heat recovery steam generator (HRSG).

The major components of the facility are the combined cycle gas turbines, HRSGs, steam turbines, emission control systems, exhaust stacks, water treatment systems, fuel delivery systems and electrical transmission and interconnection systems.

Each gas turbine combusts natural gas only with no emergency use fuel. Each gas turbine operating at or near maximum load, produces up to 170 megawatts of electrical power, 24 hours per day and 365 days per year. The steam produced by the two HRSGs drives a single steam turbine, which produces up to 190 megawatts of electrical power. The total electrical power produced by the facility is approximately 530 MW.

Each gas turbine is equipped with a selective catalytic reduction (SCR) air pollution control system to reduce emissions of nitrogen oxides (NO_x). The SCR system reduces emissions to a level that was determined to be the best available control technology (BACT) at the time the facility was approved for construction in 2002. Carbon monoxide (CO) and reactive organic compound (ROC) emissions are reduced by controlling the combustion process in the gas turbines. Particulate matter (PM₁₀) and sulfur oxides (SO_x) emissions are reduced by combusting natural gas rather than a liquid or solid fuel.

The facility has an eight cell cooling tower with a mist eliminator to reduce PM₁₀ emissions.

SIGNIFICANT EMISSIONS UNIT DESCRIPTION:

GAS TURBINE NO. 2 (SMAQMD P/O No. 16006(Rev01))

The gas turbine is a General Electric 7FA that produces approximately 170 MW (gross). This turbine is a combined cycle unit. The heat input rating to the gas turbine is 1865 MMBTU/hr. The fuel is natural gas only.

GAS TURBINE NO. 3 (SMAQMD P/O No. 16007(Rev01))

The gas turbine is a General Electric 7FA that produces approximately 170 MW (gross). This turbine is a combined cycle unit. The heat input rating to the gas turbine is 1865 MMBTU/hr. The fuel is natural gas only.

AIR POLLUTION CONTROL SELECTIVE CATALYTIC REDUCTION SERVING GAS TURBINE No. 2 (SMAQMD P/O No. 16012(Rev01))

A selective catalytic reduction (SCR) system is utilized for NOx control on the gas turbine. The catalyst is installed in a temperature zone of the HRSG that allows the catalyst to be most effective at all loads. The SCR system is comprised of a reactor chamber, catalyst modules, ammonia storage system, ammonia injection system, monitoring equipment and sensors. The ammonia injection rate is controlled by monitoring the flow rate and NOx concentration. The SCR system is designed to control NOx to 2 ppmv at 15% O2.

AIR POLLUTION CONTROL SELECTIVE CATALYTIC REDUCTION SERVING GAS TURBINE No. 3 (SMAQMD P/O No. 16013(Rev01))

A selective catalytic reduction (SCR) system is utilized for NOx control on the gas turbine. The catalyst is installed in a temperature zone of the HRSG that allows the catalyst to be most effective at all loads. The SCR system is comprised of a reactor chamber, catalyst modules, ammonia storage system, ammonia injection system, monitoring equipment and sensors. The ammonia injection rate is controlled by monitoring the flow rate and NOx concentration. The SCR system is designed to control NOx to 2 ppmv at 15% O2.

COOLING TOWER (SMAQMD P/O No. 20185)

The two gas turbines are served by an eight cell, counterflow, mechanical-draft cooling tower. The cooling tower can circulate a maximum of 155,000 gallons of cooling water per minute. The cooling tower mist eliminator has a maximum drift rate of 0.0005% and the cooling water has a maximum total dissolved solids content of 800 ppmw.

INSIGNIFICANT EMISSIONS UNIT DESCRIPTION:

| Equipment or Process | Basis for Designation as Insignificant |
|---|--|
| Vehicles Tool carrier/fork lift | SMAQMD Rule 201 Section 111.1 Vehicles used to transport passengers or freight. |
| Portable pressure washer - 13 hp Portable water pump - 5.5 hp Portable mower - 5.5 hp Portable welder - 22 hp Portable generator for detention pond filtration system - 45 hp | SMAQMD Rule 201 Section 112.1 Internal combustion engines with a manufacturer's maximum continuous rating of 50 hp or less. |
| Air conditioners | SMAQMD Rule 201 Section 115 Air conditioning systems not designed to remove air contaminants. |

| Equipment or Process | Basis for Designation as Insignificant |
|--|--|
| Hydrogen storage tanks CO2 storage tanks | SMAQMD Rule 201 Section 117.1 Tanks used for the storage of liquefied or compressed gases. |
| Lube oil storage tanks Waste lube oil storage tanks Water/waste oil separator | SMAQMD Rule 201 Section 117.2 Tanks used for the storage of unheated organic materials with a vapor pressure \leq 5 mm Hg (0.1 psia) or initial boiling point \geq 150 °C (302 °F). |
| Maintenance shop painting | SMAQMD Rule 201 Section 118 Surface coating operations using a combined total of one gallon per day or less of coating material or solvent. |
| Water treatment chemical storage tanks (calcium chloride, sulfuric acid, sodium sulfate, sodium hypochlorite corrosion inhibitor, biocide, etc.) Water storage tanks Degreaser - water based cleaner Water washing skid - water based cleaner Abrasive blasting cabinet Welding equipment Various natural gas valves and flanges Aqueous ammonia storage tank Zero liquid discharge system | SMAQMD Rule 201 Section 122 Other equipment which would emit any pollutant, without the benefit of air pollution control devices, at a rate less than 2 pounds in any 24 hour period. |

ALTERNATE OPERATING SCENARIOS:

None requested by applicant.

FACILITY EMISSIONS:

| Equipment | Maximum Allowable Annual Emissions (tons per year) | | | | | | |
|---|---|-----|-----|------|-----|------------|------------|
| | ROC | NOx | SOx | PM10 | CO | Single HAP | Total HAPs |
| Gas Turbine No. 2 Gas Turbine No. 3 Cooling Tower | 30 | 126 | 11 | 80 | 298 | 4 | 12 |

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| APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS Facility-wide Requirements |
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SMAQMD Rule 101 - General Provisions and Definitions

SIP approved: 09-03-1998 (64 FR 13514)

Rule Description: This rule provides definitions of terms, specifies authority to arrest and specifies what data is public information.

Compliance Status: The rule does not require the permittee to take any actions.

SMAQMD Rule 102 - Circumvention

SIP approved: 12-05-1984 (49 FR 47490)

Rule Description: This rule prohibits concealment of emissions and specifies how compliance determinations are made for combined and separated emissions.

Compliance Status: The permittee is expected to comply with the rule requirements.

SMAQMD Rule 105 - Emission Statement

SIP approved: 05-26-2004 (69 FR 29880)

Rule Description: This rule requires the facility to provide annual emission data for ROC and NOx.

Compliance Status: The permittee has provided annual emission data as required and is in compliance.

SMAQMD Rule 201 - General Permit Requirements

SIP approved: 07-13-1987 (52 FR 26148)

Rule Description: This rule provides an orderly procedure for the review of new sources of air pollution and of the modification and operation of existing sources through the issuance of permits.

Compliance Status: The permittee has active permits for all sources that require permits.

SMAQMD Rule 202 - New Source Review

SIP approved: 06-19-1985 (50 FR 25417)

Rule Description: This rule sets the procedures for review of new and modified stationary sources and provides the mechanisms for evaluating the applicability of

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| APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS Facility-wide Requirements |
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BACT and/or offset requirements.

Compliance Status: The facility's equipment has been reviewed pursuant to this rule. BACT and/or emission offsets have been provided as required by the rule.

SMAQMD Rule 207 - Title V Federal Operating Permits

SIP approved: The rule is not SIP approved but the rule is applicable because it is part of the SMAQMD Title V Federal Operating Permit program approved by U.S. EPA on 11-21-2003 (68 FR 65637).

Rule Description: This rule sets forth the procedures for review, issuance and renewal of Title V operating permits.

Compliance Status: The permittee has submitted a timely and complete Title V initial permit application.

SMAQMD Rule 301 - Permit Fees (Title V related fees only)

SIP approved: The rule is not SIP approved but the portions of the rule related to Title V permit fees are applicable because they are part of the SMAQMD Title V Federal Operating Permit program approved by U.S. EPA on 11-21-2003 (68 FR 65637).

Rule Description: This rule requires Title V sources to pay specified fees.

Compliance Status: The owner/operator is expected to comply with the Title V fee requirement.

SMAQMD Rule 307 - Clean Air Act Fees

SIP approved: 08-26-2003 (68 FR 51184)

Rule Description: This rule requires major sources of ROC and NO_x to pay specified fees beginning after the U.S. EPA determines that the SMAQMD has failed to demonstrate attainment of the one hour ozone ambient air quality standard by the attainment year.

Compliance Status: The owner/operator is expected to comply with the fee requirement.

SMAQMD Rule 401 - Ringelmann Chart

SIP approved: 02-01-1984 (49 FR 3987):

Rule Description: This rule limits the discharge of air contaminants into the atmosphere through visible emissions and opacity limitations.

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| APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS Facility-wide Requirements |
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Compliance Status: All equipment is expected to comply with the visible emission requirement.

SMAQMD Rule 403 - Fugitive Dust

SIP approved: 12-05-1984 (49 FR 47490):

Rule Description: This rule regulates operations which may cause fugitive dust emissions into the atmosphere.

Compliance Status: The facility complies with this rule by taking the necessary precautions to ensure that fugitive dust is not airborne beyond the property line.

SMAQMD Rule 442 - Architectural Coatings

SIP approved: 09-16-1994 (59 FR 47544):

Rule Description: This rule limits the quantity of volatile organic compounds in architectural coatings supplied, sold, offered for sale, applied, solicited for application or manufactured for use within the SMAQMD.

Compliance Status: The affected coatings used by the permittee are received and stored in containers that display the required manufacturer's labels and demonstrate compliance with the rule's requirements.

SMAQMD Rule 701 - Emergency Episode Plan

SIP approved: 09-05-2000 (65 FR 53602):

Rule Description: This rule requires a plan be prepared for specific actions to be taken when health related levels of ozone, carbon monoxide or PM10 are exceeded.

Compliance Status: The permittee has prepared the required Emergency Episode Plan and will take the actions required in the plan when notified by the Air Pollution Control Officer of elevated pollutant levels.

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

SMAQMD Rule 406 - Specific Contaminants

SIP approved: 12-05-1984 (49 FR 47490)

Rule Description: This rule regulates emissions of sulfur compounds and combustion contaminants by limiting the emission concentration of particulate matter (PM) and SO₂.

Compliance Status: In the following discussion all particulate emissions from the gas turbines are assumed to be PM₁₀. If the PM₁₀ concentration complies with the rule limits then the PM concentration would also comply with the rule limits.

Gas Turbine No. 2

Based on 2007 source test results, the PM₁₀ emission concentration from Gas Turbine No. 2 is 0.0019 grains/dscf at 12% CO₂. The rule limit for particulate matter is 0.1 grains/dscf at 12% CO₂.

Based on 2007 source test results, the sulfur compounds emission (SO_x) from Gas Turbine No. 2 is 0.132 ppmv, which is equivalent to 0.0000132% by volume. The rule limit for sulfur compounds emission (SO₂) is to not exceed 0.2% by volume.

Gas Turbine No. 3

Based on 2007 source test results, the PM₁₀ emission concentration from Gas Turbine No. 3 is 0.0015 grains/dscf at 12% CO₂. The rule limit for particulate matter is 0.1 grains/dscf at 12% CO₂.

Based on 2007 source test results, the sulfur compounds emission (SO_x) from Gas Turbine No. 3 is 0.167 ppmv, which is equivalent to 0.0000167% by volume. The rule limit for sulfur compounds emission (SO₂) is to not exceed 0.2% by volume.

Therefore, the gas turbines comply with this rule.

SMAQMD Rule 413 - Stationary Gas Turbines

SIP approved: 03-01-1996 (61 FR 7992)

Rule Description: This rule limits NO_x emissions from each gas turbine to 9 ppmvd at 15% O₂.

Compliance Status: NO_x emission limitation -
The gas turbines are required to meet a NO_x emission limitation of 2 ppmvd by SMAQMD Permit to Operate Nos. 16006 and 16007 as a result

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

of a BACT determination made when the SMAQMD Authority to Construct was issued in October 2002. The BACT NOx emission limitation is much stricter than the SMAQMD Rule 413 9 ppmvd NOx emission limitation. (See streamlining of multiple applicable requirements discussion at the end of this section titled "Equipment Specific Requirements - Combustion Sources - Gas Turbine Nos. 2 and 3.)

Startup operation -

SMAQMD Permit to Operate Nos. 16006 and 16007 also require that the gas turbines meet the 2 ppmvd NOx emission limit within three hours of a startup operation. The SMAQMD has determined that this is stricter than the SMAQMD Rule 413 requirement of meeting the 9 ppmvd NOx emission limit within one hour of a startup operation. (See streamlining of multiple applicable requirements discussion at the end of this section titled "Equipment Specific Requirements - Combustion Sources - Gas Turbine Nos. 2 and 3.)

Short Term Excursion -

SIP approved SMAQMD Rule 413 (adopted 05-01-1997) does not address short term excursions as they are defined in the current amended, but not SIP approved, SMAQMD Rule 413 (adopted 03-24-2005). Short term excursions are a necessary part of the operation of these gas turbines that became operational in 2005. When SMAQMD Rule 413 was adopted in 1997 the need for a short term excursion exemption was unknown. The SMAQMD corrected this oversight by amending SMAQMD Rule 413 in 2005 to include a short term excursion exemption.

The Title V permit will contain a permit shield to indicate that a short term excursion is not a violation as allowed by SMAQMD Rule 413 (adopted 03-24-2005).

SMAQMD Rule 420 - Sulfur Content of Fuels

SIP approved: 12-05-1984 (49 FR 47490)

Rule Description: This rule regulates emissions of sulfur compounds from the combustion of fuels by limiting the sulfur content of the fuel.

Compliance Status: The commercial natural gas combusted by the gas turbines has a typical sulfur content of 0.5 grains or less per 100 cubic feet. This rule limits the sulfur content of gaseous fuels to less than 50 grains per 100 cubic feet.

Therefore, the commercial natural gas fuel combusted by the gas turbines complies with this rule.

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

Permit Conditions - SMAQMD Rule 201 Permit to Operate Nos. 16006(Rev01), 16007(Rev01), 16012(Rev01) and 16013(Rev01)

Condition Description: SMAQMD Permit to Operate No. 16006(Rev01) for Gas Turbine No. 2, limits emission concentrations, limits mass emissions, requires BACT, requires emission offsets be provided and requires recordkeeping and reporting.

SMAQMD Permit to Operate No. 16007(Rev01) for Gas Turbine No. 3, limits emission concentrations, limits mass emissions, requires BACT, requires emission offsets be provided and requires recordkeeping and reporting.

[Condition Nos. 1, 2, 3, 4, 5, 6, 14 and the NH₃ source testing portion of Condition No. 21 of the SMAQMD permit are not federally enforceable.]

Compliance Status: Each of the gas turbines complies with the requirements of the permit conditions.

40 CFR Parts 72 through 78 Acid Rain Program:

Rule Description: This federal regulation limits the emission of NO_x and SO_x from electric utility associated combustion equipment such as boilers and gas turbines in order to reduce the formation of acid rain.

Compliance Status: SFA Cosumnes Power Plant submitted an Acid Rain permit application to the U.S. EPA dated 12/17/2002. Quarterly reports have been submitted to the U.S. EPA in accordance with the applicable requirements of 40 CFR Part 75.

40 CFR 60 Subpart GG (begin at 60.330) - NSPS for Stationary Gas Turbines:

Promulgated: 09-10-1979 (44 FR 52798)
07-08-2004 (69 FR 41359) Most recent amendment

Rule Description: This regulation affects all stationary gas turbines with a heat input greater than 10 MMBTU/hour. The gas turbine emissions are required to not exceed 75 ppmvd of NO_x at 15% O₂ and 150 ppmvd of SO_x at 15% O₂.

Compliance Status: The gas turbines are limited by SMAQMD Permit to Operate Nos. 16006 and 16007 to 2 ppmvd NO_x at 15% O₂.

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

The fuel combusted in the turbines is natural gas. The sulfur content of natural gas is less than 0.5 grains per 100 cubic feet. Source testing results from 2007 indicated a SO_x emission of less than 1 ppmvd.

Each gas turbine complies with this federal NSPS.

The following federal regulation is not an applicable federal requirement but is discussed here to document the non-applicability determination:

40 CFR 60 Subpart D (begin at 60.40) - NSPS for Electric Utility Steam Generating Units for Which Construction Is Commenced After August 17, 1971:

Promulgated: 06-14-1974 (39 FR 20791)

Rule Description: This federal regulation applies to any fossil fuel fired steam generating unit with a heat input greater than 250 MMBTU. It limits PM emissions to 0.1 lb/MMBTU, NO_x to 0.20 lb/MMBTU and opacity to 20% except for one six minute period per hour of not more than 27% opacity.

Compliance Status: Each gas turbine is not subject to this rule because it is not a fossil fuel fired steam generating unit as defined in 40 CFR 60.41(a).

"Fossil-fuel fired steam generating unit means a furnace or boiler used in the process of burning fossil fuel for the purpose of producing steam by heat transfer."

Each gas turbine is not a "furnace or boiler" and is therefore not subject to the rule.

The following federal regulation is not an applicable federal requirement but is discussed here to document the non-applicability determination:

40 CFR 60 Subpart Da (begin at 60.40a) - NSPS for Electric Utility Steam Generating Units for Which Construction Is Commenced After September 18, 1978:

Promulgated: 06-11-1979 (44 FR 33613)

Rule Description: This federal regulation applies to any steam electric generating unit capable of combusting 250 MMBTU/hour of fossil fuel and supplying more than 1/3 of its potential output capacity and more than 25 MW electrical output to any utility power distribution system for sale. It limits PM

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

emissions to 0.03 lb/MMBTU, NO_x to 0.20 lb/MMBTU and opacity to 20% (6-minute average) except for one six minute period per hour of not more than 27% opacity.

Compliance Status: Each gas turbine is not subject to this rule because it is not a steam generating unit as defined in 40 CFR 60.41Da.

"Steam generating unit means any furnace, boiler, or other device used for combusting fuel for the purpose of producing steam (including fossil-fuel-fired steam generators associated with combined cycle gas turbines; nuclear steam generators are not included)".

The following federal regulation is not an applicable federal requirement but is discussed here to document the non-applicability determination:

40 CFR 60 Subpart Db (begin at 60.40b) - NSPS for Industrial - Commercial - Institutional Steam Generating Units:

Promulgated: 11-26-1986 (51 FR 42768)

Rule Description: This federal regulation applies to any steam generating unit capable of combusting 100 MMBTU/hour of fuels. The regulation limits PM, NO_x, SO_x and opacity emissions.

Compliance Status: Each gas turbine is not subject to this rule because it is not a steam generating unit as defined in 40 CFR 60.41b.

"Steam generating unit means a device that combusts any fuel or byproduct/waste to produce steam or to heat water or any other heat transfer medium. This term includes any municipal-type solid waste incinerator with a heat recovery steam generating unit or any steam generating unit that combusts fuel and is part of a cogeneration system or a combined cycle system. This term does not include process heaters as they are defined in this subpart".

The following federal regulation is not an applicable federal requirement but is discussed here to document the non-applicability determination:

40 CFR 60 Subpart Dc (begin at 60.40c) - NSPS for Small Industrial - Commercial - Institutional Steam Generating Units:

Promulgated: 09-12-1990 (55 FR 37683)

Rule Description: This federal regulation applies to any steam generating unit capable of

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

combusting between 10 and 100 MMBTU/hour of fuels. The regulation limits PM, SO_x and opacity emissions.

Compliance Status: Each gas turbine is not subject to this rule because it is rated at 1865 MMBTU/hour, which is greater than the applicability threshold of 10 - 100 MMBTU/hour.

Each gas turbine is not subject to this rule because it is not a "steam generating unit" as defined in 40 CFR 60.41c.

"Steam generating unit means a device that combusts any fuel and produces steam or heats water or any other heat transfer medium. This term includes any duct burner that combusts fuel and is part of a combined cycle system. This term does not include process heaters as defined in this subpart."

The following federal regulation is not an applicable federal requirement but is discussed here to document the non-applicability determination:

40 CFR 63 Subpart YYYY - National Emission Standards for Hazardous Air Pollutants for Stationary Gas Turbines:

Promulgated: 03-05-2004 (69 FR 10511)

Rule Description: This federal regulation limits the emission of HAP from stationary gas turbines located at major sources of HAP.

Rule Compliance: The gas turbines are not subject to the federal NESHAP for Stationary Gas Turbines because they are not located at a facility that is a major source for HAP.

The following federal regulation is not an applicable federal requirement but is discussed here to document the non-applicability determination:

40 CFR 64 Compliance Assurance Monitoring:

Promulgated: 10-22-1997 (52 FR 54940)

Rule Description: This federal regulation specifies monitoring requirements for Title V sources that will assure compliance with emission limitations or standards.

Rule Compliance: The federal regulation exempts sources that are subject to the Title IV Acid Rain monitoring requirements and NSPS monitoring requirements [40 CFR 64.2(b)(1)(i) and 40 CFR 64.2(b)(1)(iii)]. Since the gas turbines are subject

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

to these other requirements they are exempt from Part 64 Compliance Assurance Monitoring.

Streamlining Multiple Applicable Requirements:

Each of the gas turbines is subject to the following overlapping Applicable Federally Enforceable Requirements:

| Applicable Requirement | Emission Limits | |
|---|---------------------|--|
| | NOx | SO2 |
| 40 CFR 60 Subpart GG NSPS for Gas Turbines | 75 ppm at 15% O2 | 150 ppmvd at 15% O2 |
| SMAQMD Rule 413 Stationary Gas Turbines | 9 ppm at 15% O2 | - |
| BACT requirement from SMAQMD Rule 202 New Source Review | 2 ppm at 15% O2 | 1.31 lb/hr (~0.15 ppmvd at 15% O2) |

Pursuant to U.S. EPA White Paper Number 2, the above applicable requirements will be streamlined and only the BACT related NSR requirements, which are the most stringent requirements, will be incorporated into the Title V permit.

| Applicable Requirement | Startup Exemption |
|---|--|
| SMAQMD Rule 413 Stationary Gas Turbines (adopted 05-01-1997) | 9 ppmvd NOx within one hour of startup |
| SMAQMD Permit to Operate No. 16006 and 16007 Condition No. 16 | 2 ppmvd NOx with three hours of startup |

Pursuant to U.S. EPA White Paper Number 2, the above applicable requirements will be streamlined and only the requirements of SMAQMD Permit to Operate Nos. 16006 and 16007 Condition No. 16 will be incorporated into the Title V permit. The SMAQMD has determined that the Permit to Operate requirement is stricter because it is based on a NOx limit of 2.0 ppmvd and SMAQMD Rule 413 is based on a NOx limit of 9 ppmvd.

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Combustion Sources - Gas Turbine Nos. 2 and 3

APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS
Equipment Specific Requirements
Cooling Tower

Permit Conditions - SMAQMD Rule 201 Permit to Operate No. 20185

Condition Description: SMAQMD Permit to Operate No. 20185 for the Cooling Tower, limits mass emissions, requires emission offsets be provided and requires recordkeeping and reporting.

[Condition Nos. 1, 2, 3, 4, 5, 6 and 12 of the SMAQMD permit are not federally enforceable.]

Compliance Status: The cooling tower complies with the requirements of the permit conditions.

The following federal regulation is not an applicable federal requirement but is discussed here to document the non-applicability determination:

40 CFR 63 Subpart Q - National Emission Standards for Hazardous Air Pollutants for Industrial Process Cooling Towers:

Promulgated: 09-08-1994 (59 FR 46339)

Rule Description: This federal regulation prohibits the use of chromium in cooling tower water, at major sources of HAP, beginning September 08, 1994.

Rule Compliance: The cooling tower is not subject to the federal NESHAP for Industrial Process Cooling Towers because it is not located at a facility that is a major source for HAP.

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| NON-FEDERALLY ENFORCEABLE REQUIREMENTS Facility-wide and Equipment Specific Requirements |
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SMAQMD Rule 301 - Permit Fees - Stationary Source

SIP approved: Not SIP approved.

Rule Description: This discussion applies to the sections of the rule that require fees for SMAQMD Rule 201 permits, not to the sections that require fees for Title V permits.

This rule requires the facility to pay fees associated with the issuance and renewal of SMAQMD Rule 201 permits.

Compliance Status: The permittee has paid permit fees as required and is in compliance.

SMAQMD Rule 306 - Air Toxic Fees

SIP approved: Not SIP approved.

Rule Description: This rule requires the facility to pay fees associated with toxic emissions regulated through the California "Toxic Hotspot" Program.

Compliance Status: The permittee has paid toxic fees as required and is in compliance.

SMAQMD Rule 602 - Breakdown Conditions: Emergency Variance

SIP approved: Not SIP approved.

Rule Description: This rule requires the facility to notify the SMAQMD of any equipment breakdowns that cause an emission violation and to follow specific procedures.

Compliance Status: The permittee has complied with the requirements of the rule when equipment breakdowns have caused emission violations.

California Code of Regulations, Title 17, Division 3, Chapter 1, Subchapter 7.5, Section 93103, Air Toxic Control Measure (ATCM) - Regulation for Chromate Treated Cooling Towers

SIP approved: Not SIP approved
03-09-1989 - adopted by California Air Resources Board

Rule Description: The California Air Resources Board's Air Toxic Control Measure (ATCM) - Regulation for Chromate Treated Cooling Towers prohibited the use of chromium in cooling tower water beginning September 05, 1989.

Rule Compliance: The cooling tower, which began operation in 2005, has never used chromium to treat the cooling tower water and is in compliance with the

***NON*-FEDERALLY ENFORCEABLE REQUIREMENTS
Facility-wide and Equipment Specific Requirements**

ATCM.

TITLE V PERMIT CONDITIONS:

It is recommended that the SFA Cosumnes Power Plant Title V Federal Operating permit and the Title IV Acid Rain permit be issued.

See proposed Title V Federal Operating Permit No. TV2006-19-01 for permit conditions.

Approved by: _____ Date: _____

ATTACHMENT A

SMAQMD RULES THAT ARE
"APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS"
FOR THE SFA COSUMNES POWER PLANT

SMAQMD RULES THAT ARE
 "APPLICABLE FEDERALLY ENFORCEABLE REQUIREMENTS"
 FOR THE SFA COSUMNES POWER PLANT

| Rule is Applicable | Rule is SIP Approved | Rule No. | Rule Title | Is the Rule an "Applicable Federally Enforceable Requirement"? |
|--------------------|----------------------|----------|---|--|
| ● | ● | 101 | General Provisions and Definitions 09/03/1998 adoption | Yes - no related conditions are included in the permit because of general nature of the rule. |
| ● | ● | 102 | Circumvention 11/29/1983 adoption | Yes - no related conditions are included in the permit because of general nature of the rule. |
| | ● | 103 | Exceptions 11/29/1983 adoption | No - source does not operate the type of equipment described in this rule. |
| | ● | 104 | General Conformity 11/03/1994 adoption | No - the rule's purpose is to have the SMAQMD review federal conformity findings. |
| ● | ● | 105 | Emission Statement 04/20/1993 adoption | Yes - related conditions are included in the permit. |
| | | 107 | Alternative Compliance | No - it is not a SIP approved rule. |
| ● | | 108 | Minor Violations | No - it is not a SIP approved rule. |
| ● | ● | 201 | General Permit Requirements 11/20/1984 adoption | Yes - no related conditions are included in the permit because of the general nature of the rule. |
| ● | ● | 202 | New Source Review 11/20/1984 adoption | Yes - related conditions are included in the permit. |

SMAQMD RULES THAT ARE
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 FOR THE SFA COSUMNES POWER PLANT

| Rule is Applicable | Rule is SIP Approved | Rule No. | Rule Title | Is the Rule an "Applicable Federally Enforceable Requirement"? |
|--------------------|----------------------|----------|---|---|
| | | 203 | Prevention of Significant Deterioration | No - it is not a SIP approved rule. |
| | | 204 | Emission Reduction Credits | No - it is not a SIP approved rule. |
| | | 205 | Community Bank and Priority Reserve Bank | No - it is not a SIP approved rule. |
| | | 206 | Mobile and Transportation Source Emission Reduction Credits | No - it is not a SIP approved rule. |
| ● | * | 207 | Title V Federal Operating Permit Program | Yes - related conditions are included in the permit. (*Although this is not a SIP approved rule it is applicable because it is part of the approved SMAQMD Title V Permit Program.) |
| | | 208 | Acid Rain | No - it is not a SIP approved rule. |
| | | 209 | Limiting Potential to Emit | No - it is not a SIP approved rule. |
| | | 210 | Synthetic Minor Source Status | No - it is not a SIP approved rule. |
| | | 211 | MACT at Major Sources of Hazardous Air Pollutants | No - it is not a SIP approved rule. |

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|--------------------|----------------------|----------|---|---|
| | | 213 | Federal Major Modifications | No - it is not a SIP approved rule. |
| | | 215 | Agricultural Permit Requirements and New Agricultural Permit Review | No - it is not a SIP approved rule. |
| ● | * | 301 | Stationary Source Permit Fees | Yes - related conditions are included in the permit. (*Although this is not a SIP approved rule it is applicable because it is part of the approved SMAQMD Title V Permit Program.) |
| | | 302 | Hearing Board Fees | No - it is not a SIP approved rule. |
| | | 303 | Agricultural Burning Permit Fees | No - it is not a SIP approved rule. |
| | | 304 | Plan Fees | No - it is not a SIP approved rule. |
| | | 305 | Environmental Document Preparation and Processing Fees | No - it is not a SIP approved rule. |
| | | 306 | Air Toxics Fees | No - it is not a SIP approved rule. |
| ● | ● | 307 | Clean Air Act Fees 09/26/2002 adoption | Yes - related conditions are included in the permit. |

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|--------------------|----------------------|----------|---|---|
| | | 310 | Permit Fees - Agricultural Source | No - it is not a SIP approved rule |
| ● | ● | 401 | Ringelmann Chart 04/05/1983 adoption | Yes - related conditions are included in the permit. |
| ● | | 402 | Nuisance | No - it is not a SIP approved rule. |
| ● | ● | 403 | Fugitive Dust 11/29/1983 adoption | Yes - related conditions are included in the permit. |
| ● | ● | 404 | Particulate Matter 11/20/1984 adoption | Yes - related conditions are included in the permit. |
| | ● | 405 | Dust and Condensed Fumes 11/29/1983 adoption | No - the source does not operate such a process. |
| ● | ● | 406 | Specific Contaminants 11/29/1983 adoption | Yes - related conditions are included in the permit. |
| ● | ● | 407 | Open Burning 11/29/1983 adoption | Yes - no related conditions are included in the permit because the source does not conduct open burning. |
| | ● | 408 | Incinerator Burning 11/29/1983 adoption | No - the source does not operate an incinerator. |

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|--------------------|----------------------|----------|---|--|
| ● | | 409 | Orchard Heaters 11/29/1983 adoption | No - the source does not operate orchard heaters. |
| ● | | 410 | Reduction of Animal Matter 11/29/1983 adoption | No - the source does not operate equipment for the reduction of animal matter. |
| ● | | 411 | Boiler NOx 02/02/1995 adoption | No - the source does not operate a boiler subject to this rule. |
| ● | | 412 | Stationary IC Engines at Major Stationary Sources of NOx 06/01/1995 adoption | No - the source does not operate an IC engine. |
| ● | ● | 413 | Stationary Gas Turbines 05/01/1997 adoption | Yes - related conditions are included in the permit. (see discussion of permit shield for short term excursions) |
| ● | ● | 414 | Natural Gas Fired Water Heaters 08/01/1996 adoption | Yes - no related conditions are included in the permit because it applies only to sellers and installers. |
| | | 417 | Wood Burning Appliances | No - it is not a SIP approved rule. |
| ● | ● | 420 | Sulfur Content of Fuels | Yes - related conditions are included in the permit. |

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|--------------------|----------------------|----------|--|--|
| ● | ● | 441 | 11/29/1983 adoption Organic Solvents 11/29/1983 adoption | Yes - no related conditions are included in the permit because of limited applicability. |
| ● | ● | 442 | Architectural Coatings 09/05/1996 adoption | Yes - related conditions are included in the permit. |
| | ● | 443 | Leaks from Synthetic Organic Chemical and Polymer Manufacturing 09/05/1996 adoption | No - the source does not operate synthetic organic chemical or polymer manufacturing equipment. |
| | ● | 444 | Petroleum Solvent Dry Cleaning 09/05/1996 adoption | No - the source does not operate petroleum solvent dry cleaning equipment. |
| | ● | 446 | Storage of Petroleum Products 11/16/1993 adoption | No - the source does not store affected petroleum products. |
| | ● | 447 | Organic Liquid Loading 04/02/1998 adoption | No - the source does not operate organic liquid loading equipment. |
| | ● | 448 | Gasoline Transfer into Stationary Storage Containers 02/02/1995 adoption | No - the source does not operate gasoline transfer equipment. |

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|--------------------|----------------------|----------|--|--|
| | ● | 449 | Transfer of Gasoline into Vehicle Fuel Tanks 09/26/2002 adoption | No - the source does not operate gasoline transfer equipment. |
| | ● | 450 | Graphic Arts Operations 12/05/1996 adoption | No - the source does not operate a graphic arts process as defined in the rule. |
| ● | ● | 451 | Surface Coating of Miscellaneous Metal Parts and Products 11/29/1983 adoption | Yes - no related conditions are included in the permit because of limited applicability. |
| | ● | 452 | Can Coating 09/05/1996 adoption | No - the source does not operate a can coating process. |
| | ● | 453 | Cutback and Emulsified Asphalt Paving Materials 11/29/1983 adoption | No - the source does not manufacture or apply cutback or emulsified asphalt paving materials. |
| | ● | 454 | Degreasing Operations 04/03/1997 adoption | No - the source does not operate degreasers subject to this rule. |
| | ● | 455 | Pharmaceuticals Manufacturing 11/29/1983 adoption | No - the source does not manufacture pharmaceuticals. |
| | ● | 456 | Aerospace Coating Operations 09/05/1996 adoption | No - the source does not coat aerospace parts. |

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|--------------------|----------------------|----------|---|--|
| | | 457 | Methanol Compatible Tanks | No - it is not a SIP approved rule. |
| | ● | 458 | Large Commercial Bread Bakeries 09/05/1996 adoption | No - the source does not produce bread products. |
| | ● | 459 | Automotive, Truck and Heavy Equipment Refinishing Operations 10/02/1997 adoption | No - the source does not refinish vehicles. |
| | ● | 460 | Adhesives and Sealants | No - it is not a SIP approved rule. |
| | | 463 | Wood Products Coatings | No - it is not a SIP approved rule. |
| | ● | 464 | Organic Chemical Manufacturing Operations 07/23/1998 adoption | No - the source does not manufacture organic chemicals. |
| | | 465 | Polyester Resin Operations | No - it is not a SIP approved rule. |
| | | 466 | Solvent Cleaning | No - it is not a SIP approved rule. |
| | | 485 | Municipal Landfill Gas | No - it is not a SIP approved rule. |
| | | 496 | Large Confined Animal Facilities | No - it is not a SIP approved rule. |
| | ● | 501 | Agricultural Burning | No - the source does not conduct agricultural burning. |

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|-----------------------|-------------------------|----------|---|---|
| | | | 11/29/1983 adoption | |
| ● | | 601 | Procedure before the Hearing Board | No - it is not a SIP approved rule. |
| ● | | 602 | Breakdown Conditions: Emergency Variance | No - it is not a SIP approved rule. |
| ● | ● | 701 | Emergency Episode Plan 05/27/1999 adoption | Yes - related conditions are included in the permit. |
| | | 801 | New Source Performance Standards | No - it is not a SIP approved rule. <i>Note: there are equivalent federal regulations.</i> |
| | | 901 | General Requirements | No - it is not a SIP approved rule. <i>Note: there are equivalent federal regulations.</i> |
| | | 902 | Asbestos | No - it is not a SIP approved rule. <i>Note: there is an equivalent federal regulation.</i> |
| | | 903 | Mercury | No - it is not a SIP approved rule. <i>Note: there is an equivalent federal regulation.</i> |

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|-----------------------|-------------------------|----------|---|---|
| | | 904 | Airborne Toxic Control Measures | No - it is not a SIP approved rule. <i>Note: there are equivalent federal regulations for some of the listed ATCMs.</i> |
| | | 1002 | Fleet Inventory | No - it is not a SIP approved rule. |
| | | 1003 | Reduced-Emission Fleet Vehicles/Alternative Fuels | No - it is not a SIP approved rule. |
| | | 1005 | Mobile Source Emission Reduction Credits/Banking | No - it is not a SIP approved rule. |
| | | 1006 | Transportation Conformity | No - it is not a SIP approved rule. |

ATTACHMENT B

SMAQMD RULE 201 PERMITS TO OPERATE