

Memorandum

Date: June 30, 2010
Telephone: (916) 654-4679

To: Commissioner James D. Boyd, Presiding Member

From: California Energy Commission – John Kessler, Project Manager
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET	
07-AFC-5	
DATE	<u>06/30/10</u>
RECD.	<u>06/30/10</u>

**Subject: CPV SENTINEL ENERGY PROJECT (07-AFC-3)
ENERGY COMMISSION STAFF’S REBUTTAL TESTIMONY REGARDING AIR
QUALITY EMISSION REDUCTION CREDITS**

Energy Commission staff is providing rebuttal to the testimony of Julia May representing Communities For A Better Environment regarding Air Quality Emission Reduction Credits. Ms. May’s testimony was filed on June 15, 2010 in the CPV Sentinel Energy Project proceeding (07-AFC-3).

Docket (07-AFC-3)
Webworks
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PROOF OF SERVICE (REVISED 5/21/10) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 6/30/10
MS

Rebuttal Testimony of Energy Commission Staff
CPV Sentinel Energy Project (07-AFC-03)
Steven R. Radis

Staff has reviewed the Expert Declaration of Julia May representing Communities For A Better Environment regarding the South Coast Air Quality Management District (SCAQMD or District) Amended Determination of Compliance (DOC) for the CPV Sentinel Energy Project. The May Testimony describes perceived errors and/or issues associated with the SCAQMD's calculations of emission reduction credits (ERCs) that are banked into the District's internal account. The May Testimony focuses on three main areas for detailed comment:

- Differences between draft and final ERC inventories,
- ERC Adjustment for Best Available Control Technology (BACT), and
- Uncertainty of Suitable Emission Factors or Parameters for Older Facilities.

None of the issues addressed in the May Testimony changes Staff's conclusion that the ERCs identified by SCAQMD are sufficient and satisfy all legal requirements.

Differences between draft and final ERC Inventories

The May Testimony notes that SCAQMD substantially revised the calculated ERCs in its DOC Addendum. However, staff observes most of these changes resulted from calculating the ERCs consistent with federal requirements that ERCs be based on the last two years of operation of a shutdown facility. Additionally, some ERCs were added in the Revised DOC Addendum, while some ERCs were dropped from ERC listing. The ERCs identified for Sentinel in the Revised DOC Addendum are more than adequate to offset the CPV Sentinel particulate matter less than 10 microns in diameter (PM10) and sulfur oxides (SOx) emissions. The ERCs are also consistent with all applicable laws, ordinances, regulations, and standards (LORS) and the requirements of AB 1318. As previously described in staff's supplemental testimony on this topic, incorporating the updated offset data and values does not change staff's overall air quality conclusion that with the adoption of staff's proposed conditions of certification, the proposed CPV Sentinel Energy Project would conform to all applicable LORS and would not result in any significant air-quality related impacts.

ERC Adjustment for Best Available Control Technology (BACT)

The May Testimony implies that BACT is applicable to SCAQMD internal account ERCs, and that the ERCs should thus be "BACT adjusted," potentially reducing their indicated values. However, BACT is not applicable for calculating ERCs transferred from the air district's internal account since there are no applicable requirements to adjust internal account ERCs for BACT. Since there is no requirement in the SCAQMD's rules or AB 1318 to adjust internal account ERCs for BACT, the ERC BACT adjustment for the internal account ERCs is not applicable to the SCAQMD list of ERCs that are available for the CPV Sentinel Energy Project.

Uncertainty of Suitable Emission Factors or Parameters for Older Facilities

A substantial portion of the May Testimony (declaration) discusses uncertainties associated with the SCAQMD's ability to calculate ERCs for facilities that have ceased operations. The declaration identifies numerous instances where the SCAQMD was required to estimate emission factors for a given facility, or the level of emission control efficiency for various technologies. Staff's review of the SCAQMD ERC calculations found that the SCAQMD staff erred on the side of conservatism when determining the correct emission factor, control efficiency or operating parameters that were assumed for a shut down facility. The declaration identifies numerous instances where the SCAQMD staff utilized an emission factor or assumption that resulted in lower estimates of available ERCs. For example, the SCAQMD staff used the lower of two emission factors that were listed for the RRI Energy Etiwanda facility, thus reducing the amount of available ERCs by approximately nine percent. While the declaration makes these arguments in the context of the BACT issue as described above, the declaration actually supports the SCAQMD's use of conservative assumptions in estimating ERCs. Thus, Staff believes that the ERCs have been appropriately calculated by SCAQMD.



**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV**

**APPLICATION FOR CERTIFICATION FOR THE
CPV SENTINEL ENERGY PROJECT
BY THE CPV SENTINEL, L.L.C**

DOCKET No. 07-AFC-3

**PROOF OF SERVICE
(Revised 5/21/2010)**

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DECLARATION OF SERVICE

I, Maria Santourdjian, declare that on June 30, 2010, I served and a filed copies of the attached Staff's Rebuttal Testimony Regarding Air Quality Emission Reduction Credits, dated June 30, 2010. The original documents, filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at:
[\[http://www.energy.ca.gov/sitingcases/sentinel/index.html\]](http://www.energy.ca.gov/sitingcases/sentinel/index.html)

The documents has been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

(Check all that Apply)

For service to all other parties:

- sent electronically to all email addresses on the Proof of Service list;
- by personal delivery;
- by delivering on this date, for mailing with the United States Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses **NOT** marked "email preferred."

AND

For filing with the Energy Commission:

- sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (preferred method);

OR

depositing in the mail an original and 12 paper copies, as follows:

CALIFORNIA ENERGY COMMISSION

Attn: Docket No. 07-AFC-3
1516 Ninth Street, MS-4
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I declare under penalty of perjury that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

Original signed by:
Maria Santourdjian