



# South Coast Air Quality Management District

21865 E. Copley Drive, Diamond Bar, CA 91765-4182  
(909) 396-2000 • www.aqmd.gov

<b>DOCKET</b> 06-AFC-2	
<b>DATE</b>	MAY 20 2008
<b>RECD.</b>	MAY 28 2008

May 20, 2008

Mr. Don Vawter  
Project Director, Business Development  
AES Highgrove, LLC  
690 Studebaker Road  
Long Beach, CA 90803

**Subject:** AES Highgrove Power Plant Project, 06-AFC-02, AQMD Application numbers 458297-458304, facility ID 115666

Dear Mr. Vawter:

Thank you for your April 21, 2008 letter in response to the South Coast Air Quality Management District's (AQMD's) letter of April 1, 2008 regarding the AES Highgrove Power Plant Project. In my April 1, 2008 letter, I informed AES Highgrove (AES) that by April 30, 2008, AES must identify and obtain all emission reduction credits (ERCs) that you originally obtained to qualify to access credits under the provisions of Rule 1309.1 that are associated with your proposed power plant, or provide offsets for your project in order for AQMD to be able to make a Preliminary Determination of Compliance (PDOC). In your April 21, 2008 letter you advised that you anticipate that a third party will purchase the rights to the AES Highgrove Project (including the LLC) and continue the development of the Project. You also indicated that the permit applicant, AES Highgrove, LLC, will not change as a result of this transaction.

In your April 21, 2008 letter, you also indicated that the third party has purchased the subject ERCs and they are being held by Cantor Fitzgerald on behalf of the third party. You requested that those ERCs be considered available for Project permit review purposes. You also requested the AQMD continue working on the project during this transitional period, and you expect that the potential ownership transfer would be concluded within 60 days. Therefore, you requested a 60 days extension from the April 30, 2008 deadline specified in my April 1, 2008 letter.

Please be informed that after further review and evaluation of your request and in consideration of and based on the information provided in your April 21, 2008 letter the AQMD has agreed to an extension to June 27, 2008 to re-acquire the ERCs originally obtained to meet the requirements of Rule 1309.1 or provide full offsets for the project, as stated in my April 1, 2008 letter. However, please note that no further extension beyond the June 27, 2008 date will be allowed and your Project permits will be subject to a determination of non-compliance and denial of your Permit to Construct, if AES can not comply with AQMD's request.

PROOF OF SERVICE (REVISED 11/2/07) FILED WITH  
ORIGINAL MAILED FROM SACRAMENTO ON 5/28/08  
CF

Mr. Don Vawter

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May 20, 2008

If you have any questions please contact Mr. Mike Mills, Senior Engineering Manager, at (909) 396-2578.

Sincerely,



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

cc: ✓ Robert Worl, CEC  
Barry Wallerstein, AQMD  
Kurt Wiese, AQMD  
Barbara Baird, AQMD  
Mike Mills, AQMD  
John Yee, AQMD

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE  
STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION  
FOR THE AES HIGHGROVE  
POWER PLANT PROJECT

Docket No. 06-AFC-2  
PROOF OF SERVICE  
(Revised 11/2/07)

**INSTRUCTIONS:** All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

CALIFORNIA ENERGY COMMISSION  
Attn: Docket No. 06-AFC-02  
1516 Ninth Street, MS-4  
Sacramento, CA 95814-5512  
[docket@energy.state.ca.us](mailto:docket@energy.state.ca.us)

**APPLICANT**

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**DECLARATION OF SERVICE**

I, Christina Flores, declare that on May 28, 2008, I deposited copies of the attached Letter from South Coast Air Quality Management District RE: AES Highgrove Power Plant in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

**OR**

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.

  
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Christina Flores