



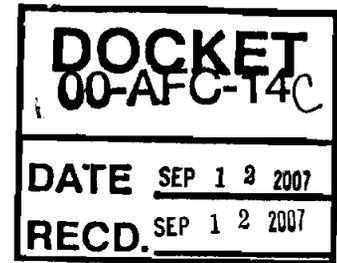
770 L Street, Suite 800  
Sacramento, California 95814  
main 916.447.0700  
fax 916.447.4781  
www.stoel.com

September 12, 2007

KIMBERLY HELLWIG  
Direct (916) 319-4742  
kjhellwig@stoel.com

**BY HAND DELIVERY**

Mr. Steve Munro  
Compliance Project Manager  
California Energy Commission  
1516 Ninth Street, MS-15  
Sacramento, CA 95814



**Re: El Segundo Power Redevelopment Project (00-AFC-14C)  
Rule 1309.1 Priority Reserve Requirements**

Dear Mr. Munro:

El Segundo Power II LLC submits the enclosed information related to the South Coast Air Quality Management District's ("District") request for information related to compliance with the District's Rule 1309.1 (Priority Reserve). Should you have any questions regarding the submitted information, please contact Seth D. Hilton at (916) 447-0700.

Very truly,

A handwritten signature in black ink that reads "Kim Hellwig". Below the signature, the name "Kimberly Hellwig" and the title "Paralegal" are printed in a standard font.

KJH:kjh  
Enclosure

cc: George Piantka, El Segundo Power II LLC  
Seth D. Hilton, Esq., Stoel Rives LLP



**El Segundo Power II LLC**  
1819 Aston Avenue, Suite 105  
Carlsbad, CA 92008

Direct Phone: 760.710.2144

**VIA EMAIL AND FIRST CLASS MAIL**

September 10, 2007

Mr. Ken Coats  
South Coast Air Quality Management District  
21865 E. Copley Drive  
Diamond Bar, CA 91765

**Re: El Segundo Power Redevelopment Project (Facility ID No. 115663)-  
Rule 1309.1 Priority Reserve Requirements**

Dear Mr. Coats:

El Segundo Power II LLC ("ESP") is pleased to submit the following response to the District's August 16, 2007 letter requesting information on the proposed El Segundo Power Redevelopment Project (ESPR project) in regards to the recently amended Rule 1309.1. The following table summarizes the requested information for the ESPR project, which is located in Zone 1 under Rule 1309.1.

<b>Compliance with Rule 1309.1 Requirements – Zone 1 Facilities ESPR Project</b>			
<b>Rule 1309.1 Requirement for Accessing Priority Reserve</b>		<b>ESPR Project</b>	<b>Reference</b>
Cancer risk	Less than 10 in a million	0.04 in a million per unit	Table 26 of PTC/PTO application package <sup>1</sup>
Hazard Index	Less than 1	0.02 per unit	Table 26 of PTC/PTO application package <sup>1</sup>

<sup>1</sup> Application for a Permit to Construct and Permit to Operate El Segundo Power Redevelopment Project, June 21, 2007 submittal to the SCAQMD.

<b>Compliance with Rule 1309.1 Requirements – Zone 1 Facilities ESPR Project</b>			
<b>Rule 1309.1 Requirement for Accessing Priority Reserve</b>		<b>ESPR Project</b>	<b>Reference</b>
Cancer Burden	Less than 0.5	N/A since cancer risk less than 1 in a million	N/A
PM <sub>10</sub> Controls	Use of natural gas only and PM <sub>10</sub> level less than 0.060 lbs/MW-hr	Use of natural gas only and PM <sub>10</sub> emission factor of 0.033 lbs/MW-hr <sup>2</sup>	Table 2 and Appendix D of PTC/PTO application package <sup>1</sup>
NOx Controls	NOx level less than 0.080 lbs/MW-hr	NOx emission factor of 0.054 lbs/MW-hr <sup>3</sup>	Table 2 and Appendix D of PTC/PTO application package <sup>1</sup>
PM <sub>10</sub> Hourly Emissions	NSR BACT	Achieves NSR BACT for PM <sub>10</sub> – use of pipeline quality natural gas	Table 15 of PTC/PTO application package <sup>1</sup>
PM <sub>10</sub> 24-hr Average Ambient Impact	Less than 2.5 ug/m <sup>3</sup> per unit	0.64 ug/m <sup>3</sup> per unit	Table 18 of PTC/PTO application package <sup>1</sup>
PM <sub>10</sub> Annual Average Ambient Impact	Less than 1.0 ug/m <sup>3</sup> per unit	0.087 ug/m <sup>3</sup> per unit	Table 18 of PTC/PTO application package <sup>1</sup>

<sup>2</sup> Based on a maximum PM<sub>10</sub> emission rate of 9.5 lbs/hr and a nominal-gross power generation of 286.7 MW (219 MW for CTG and 67.7 MW for steam turbine generator).

<sup>3</sup> Based on a maximum NOx emission rate during normal operation of 15.44 lbs/hr and a nominal-gross power generation of 286.7 MW.

**1309.1(d)(12)**

ESP II submitted Permit to Construct Application Nos. 470652-470656 for the ESPR Project on June 21, 2007, and which were deemed data adequate by the District on June 29, 2007. On June 21, 2007, ESP II also submitted a Petition to Amend to the California Energy Commission for the ESPR Project. The Petition to Amend is not a new Application for Certification, but an amendment of the original February 2, 2005 decision based on design changes of the ESPR Project. Therefore, while ESPR submitted a new Permit to Construct application to the District, it is being evaluated by the CEC based on proposed amendments to the initial and complete Application for Certification, originally submitted to the CEC on December 21, 2000.

Based on these timelines, ESPR conforms to the new application requirements of Rule 1309.1(d)(12) with the submittal of a complete Permit to Construct application during calendar years 2005-2008. It also qualifies for the Section (g)(1)(A) mitigation fees by being an amendment of the complete initial Application for Certification to the CEC during calendar years 2000-2003.

**1309.1(d)(13)**

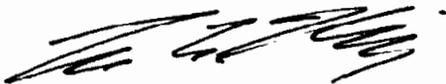
Pursuant to the District staff report for 1309.1, ESPR is not located in an EJA and therefore this requirement does not apply.

**1309.1(d)(14)**

As described above, ESP II has submitted a Petition to Amend an existing CEC project certification for ESPR. The amended certification is expected to be approved by the CEC at a business meeting in late 2007 or early 2008. Further, ESP II expects to be able to demonstrate it meets the long term contract requirements of 1309.1 around the same timeframe as the CEC certification. Therefore, the ESPR Project conforms to these provisions of (d)(14).

If you have any questions or need any additional information, please do not hesitate to contact me at (760) 710-2144 or Tom Andrews with Sierra Research at (916) 444-6666.

Sincerely,  
El Segundo Power II LLC



Tim Hemig  
Director, Environmental & New Business

cc: CEC Dockets (00-AFC-14C)  
Steve Munro, California Energy Commission