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| <b>DOCKET</b>   |             |
| <b>09-AFC-1</b> |             |
| DATE            | DEC 01 2009 |
| RECD            | DEC 01 2009 |

December 1, 2009

Dockets Unit  
California Energy Commission  
1516 Ninth Street, MS 4  
Sacramento, CA 95814-5512

Re: Watson Cogeneration Steam and Electric Reliability Project  
Application for Certification 09-AFC-1

On behalf of Watson Cogeneration Company, the applicant for the above-referenced Watson Cogeneration Steam and Electric Reliability Project, we are pleased to submit the following:

- Response to CEC Data Request #4 Status Report 3.

This document is being submitted to the CEC for docketing.

Sincerely,  
URS Corporation

Cindy Kyle-Fischer  
Project Manager

Enclosure

cc: Proof of Service List

# RESPONSES TO CEC DATA REQUESTS (#1-39) APPLICATION FOR CERTIFICATION (09-AFC-1)

for Watson Cogeneration Steam and Electric Reliability Project

## AIR QUALITY RESPONSE #4 STATUS REPORT 3



Submitted to:  
California Energy Commission  
1516 9th Street , MS 15  
Sacramento, CA 95814-5504



Submitted by:  
Watson Cogeneration Company  
22850 South Wilmington Avenue  
Carson, CA 90745



With support from:  
URS Corporation  
8181 East Tufts Avenue  
Denver, CO 80237



December 2009

**Response to Data Request Set 1, Data Request 4 (ERC Status Report 3)**

Air Quality Data Request 4 .....1

## **List of Acronyms and Abbreviations Used in Responses**

|                   |  |
|-------------------|--|
| AFC               | Application for Certification  |
| Applicant         | Watson Cogeneration Company  |
| CEC               | California Energy Commission   |
| CEQA              | California Environmental Quality Act                                     |
| District          | South Coast Air Quality Management District                              |
| ERC               | Emission Reduction Credit  |
| lb                | Pound  |
| NO <sub>x</sub>   | nitrogen oxides  |
| PM                | particulate matter   |
| PM <sub>10</sub>  | particulate matter with an aerodynamic diameter of less than 10 microns  |
| PM <sub>2.5</sub> | particulate matter with an aerodynamic diameter of less than 2.5 microns |
| RECLAIM           | Regional Clean Air Incentives Market                                     |
| RTCs              | RECLAIM Trading Credits  |
| SCAQMD            | South Coast Air Quality Management District                              |
| SO <sub>x</sub>   | sulfur oxides  |
| VOC               | volatile organic compound  |

## AIR QUALITY DATA REQUEST 4

**Technical Area:** Air Quality

**Author:** Steve Radis

### BACKGROUND: OPERATIONS MITIGATION – EMISSION REDUCTION CREDITS

Staff's position for determining the impact of operating emissions per the California Environmental Quality Act (CEQA), is that all nonattainment pollutants and their precursors need to be mitigated through emission reductions at a minimum ratio of 1:1, with larger ratios required for inter-pollutant, inter-basin and distant Emission Reduction Credit (ERC) sources. The South Coast Air Basin in the area of the project site is classified as nonattainment for the state and federal ozone and PM<sub>10</sub> standards. Without proper emission reduction mitigation, this project could contribute to existing violations of the state and federal ambient air quality standards.

The applicant has proposed to utilize VOC ERCs from existing refinery holdings or purchased on the open market. NO<sub>x</sub> and SO<sub>x</sub> RECLAIM Trading Credits (RTCs) are also proposed from the existing refinery allocation or additional RTCs will be acquired.

### DATA REQUEST

4. *If the applicant is unable to adequately respond to the Data Request above, please provide a status report starting October 1, 2009 and continuing monthly until the report identifies option contracts and/or evidence of acquisition of ERCs for the NO<sub>x</sub>, SO<sub>x</sub>, VOC and PM<sub>10</sub> liability of the project, or the start of project Air Quality Evidentiary Hearings. The report should be specific to each pollutant and provide new information and update information from previous monthly status reports as appropriate. The reports should include:*
  - a) *contact names and telephone numbers;*
  - b) *company or source names;*
  - c) *pollutant credit types and amounts in lbs/day;*
  - d) *ERC certificate numbers;*
  - e) *the methods of emission reductions (e.g., shutdown, reduction of hours of operation, emission controls, etc.);*
  - f) *the status of ERC or option negotiations;*
  - g) *prices or potential prices; and,*
  - h) *the location of the emission reduction credits.*

RESPONSE

**Status update for Nitrogen Oxide (NO<sub>x</sub>)**

There has been no change in status for NO<sub>x</sub> since ERC Status Report 1 of October 2009.

**Status update for Sulfur Oxides (SO<sub>x</sub>)**

There has been no change in status for SO<sub>x</sub> since ERC Status Report 1.

**Status update for Volatile Organic Compounds (VOCs)**

There has been no change in status for SO<sub>x</sub> since ERC Status Report 2 of November 2009.

**Status update for sub 10-micron particulate matter (PM<sub>10</sub>)**

The current offset market for PM<sub>10</sub> ERCs remains limited.

As discussed in ERC Status Report 1, pricing information has not been provided, as this information is considered to be a “confidential” aspect of any ERC transaction, and has no bearing on any aspect of project review or certification.





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 **WATSON COGENERATION  
STEAM AND ELECTRICITY RELIABILITY  
PROJECT**

Docket No. 09-AFC-1

PROOF OF SERVICE LIST  
(Revised 9/23/09)

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\*indicates change



**DECLARATION OF SERVICE**

I, Cindy Kyle-Fischer, declare that on December 1, 2009, I served and filed copies of the attached *Response to CEC Data Request #4 Status Report 3*, dated December 2009. The original document, 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: **[[www.energy.ca.gov/sitingcases/watson](http://www.energy.ca.gov/sitingcases/watson)].**

The documents have 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:**

X sent electronically to all email addresses on the Proof of Service list

\_\_\_ by personal delivery or by depositing in the United States mail at \_\_\_\_\_ with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list above to those addresses **NOT** marked "email preferred."

**AND**

**FOR FILING WITH THE ENERGY COMMISSION:**

X 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 \_\_\_ paper copies, as follows:

**CALIFORNIA ENERGY COMMISSION**

Attn: Docket No. 09-AFC-1  
1516 Ninth Street, MS-4  
Sacramento, CA 95814-5512  
[docket@energy.state.ca.us](mailto:docket@energy.state.ca.us)

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



\_\_\_\_\_  
**Cindy Kyle-Fischer**