DOCKET
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STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket No. 00-AFC-1C
	)	
	)	
GATEWAY GENERATING STATION	)	STAFF RESPONSE
	)	AND RECOMMENDATIONS
	)	TO COMPLAINT
	)	BY ASSOCIATION OF
	)	COMMUNITY ORGANIZATIONS
	)	FOR REFORM NOW (ACORN)

SUMMARY

On June 5, 2009, the Contra Costa branch of the Association of Community Organizations for Reform Now (ACORN) filed a Complaint pursuant to California Code of Regulations, Title 20, section 1237 regarding the operational status and efficiency of the Gateway Generating Station (Gateway), which is owned and operated by Pacific Gas and Electric (PG&E).

The complaint alleges that PG&E does not have a valid certification for Gateway, that PG&E violated the law by not complying with the applicable Air Quality Standards before constructing and operating the facility, that PG&E violated the conditions of certification by not obtaining the required emissions offsets, and that PG&E violated the Energy Commission's requirements for the opportunity of public participation before construction and operation of the facility. ACORN requests that the Commission revoke PG&E's certification for the project.

Staff initiated its investigation into the allegations raised in the Complaint and, for reasons explained below, recommends that the committee order that the Complaint be dismissed for insufficiency and lack of merit or consolidated with the ongoing review of PG&E's May 9, 2009 Petition to Amend Gateway, which is projected to be considered for approval at the August 26, 2009 Business Meeting.

I. BACKGROUND

Gateway (formerly known as the Contra Costa Power Plant Unit 8) was certified by the Energy Commission on May 30, 2001. The facility is located on Wilbur Avenue, east of the city of Antioch, in Contra Costa County. Construction of the facility started late in 2001 and was suspended in February of 2002 due to financial difficulties of the owner Mirant Delta, LLC. On July 19, 2006, the Commission approved the addition of PG&E

as co-owner of the project with Mirant. On January 3, 2007, the Commission approved PG&E's petition to remove Mirant as a co-owner and change the name of the facility to the Gateway Generating Station.

On December 19, 2006, PG&E filed a petition with the Commission to amend the Energy Commission's Decision (decision) on Gateway. The Petition sought to replace the wet cooling tower and surface condenser with an air cooled condenser (ACC), eliminate the use of steam power augmentation, and eliminate the use of San Joaquin River water as the cooling water source for Gateway, as well as other minor changes associated with the proposed amendment. The Commission approved this petition on August 1, 2007. PG&E restarted construction in February of 2007 and although not 100% completed, began commercial operation on January 4, 2009.

On January 16, 2008, PG&E filed a Petition to Amend, proposing certain minor equipment changes and Air Quality Conditions of Certification in concert with the August 1, 2007 amendment. That petition was withdrawn on February 13, 2009, and a new Petition to Amend was filed on May 8, 2009, again requesting certain minor changes to the project. Those changes include the following:

- Replace the permitted natural gas-fired preheater with a smaller dewpoint heater and increase allowable daily hours of operation.
- Replace a motor driven fire water pump with a 300 kW Diesel fire pump at the facility.
- Revise the facility PM10 emission limits to reflect elimination of the wet cooling tower.
- Revise references to "Contra Costa Unit 8" and "CC8" to reflect the current project name.
- Delete references to power augmentation.
- Make other minor conforming changes for consistency with the District issued permit.

That petition is now being analyzed by staff, and will be discussed during the Commission Business meeting agenda on August 26, 2009 for possible approval.

II. INVESTIGATION AND ANALYSIS

Title 20, California Code of Regulations, section 1237(a), provides in relevant part:

> Any person must file any complaint alleging noncompliance with a commission decision...solely in accordance with this section. All such complaints...shall include the following information:
>
> (1) the name, address, and telephone number of the person filing the complaint (complainant);

(2) the name, address, and telephone number of the person owning or operating, or proposing to own or operate, the project which is the subject of the complaint;
(3) a statement of facts upon which the complaint is based;
(4) a statement indicating the statute, regulation, order, decision, or condition of certification upon which the complaint is based;
(5) the action the complainant desires the commission to take;
(6) the authority under which the commission may take the action requested, if known, and;
(7) a declaration under penalty of perjury by the complainant attesting to the truth and accuracy of the statement of facts upon which the complaint is based.

The Complaint, filed by ACORN under Title 20, California Code of Regulations, section 1237, fails to specify all the Conditions of Certification that it claims are being violated and, therefore, fails to provide all the information required in a complaint alleging noncompliance with a Commission decision. (*See*, Cal. Code Regs., tit. 20, § 1237, subd.(a)(4), which requires "a statement indicating the statute, regulation, order, decision or **condition of certification** upon which the complaint is based;" [emphasis added].) The complaint should be dismissed, therefore, for insufficiency of the complaint. ACORN instead asserts four "counts" against PG&E. In the following sections, staff addresses each of these counts separately to show that they should result in dismissal of the complaint for lack of merit.

COUNT 1. PG&E Is Violating the Law by Not Having a Valid Certification Before Constructing and Operating the Facility.

Gateway was certified by the Commission on May 30, 2001. Pursuant to Public Resources Code section 25523, the Commission prepared a written decision in this matter, which was adopted at a regularly scheduled and publicly noticed business meeting. The written decision included specific findings that the facility conformed with public safety standards, applicable air and water quality standards, and other applicable local, regional state, and federal standards, ordinances, and laws as required by Section 25523(d)(1). The decision was never challenged during the period allowed for reconsideration under Public Resources Code section 25530. There has been no revocation of the Commission's certification of the Gateway project under Public Resources Code section 25534. The Commission approved the change in ownership making PG&E the exclusive owner on January 3, 2007. Therefore, PG&E possesses a valid certification for this facility. ACORN is correct in its assertion that "PG&E should have received approval from the commission for (the) modifications before beginning constructions of these modifications and commencing operation." (Complaint, p.10) But the 2001 certification for Gateway remains valid in the absence of a revocation under Public Resources Code section 25534.

ACORN cites Title 20, California Code of Regulations, sections 1709.8 and 1720.3 in support of Count 1 of its complaint. Neither section is applicable. Section 1709.8 sets forth

the process by which an applicant may withdraw an AFC. The applicant has not filed an AFC for Gateway. The AFC originally filed for the project resulted in approval and certification, which, as discussed above, is still valid. Because there is no AFC for Gateway for Commission review, section 1709.8 does not apply to the current situation. Section 1720.3 concerns the deadline to commence construction, which is five years from the date of certification, unless the applicant receives an extension of that deadline for good cause. Section 1720.3 does not concern "construction milestones" as argued by ACORN, but rather a five-year deadline to commence construction to avoid a lapse in certification. ACORN acknowledges on page 6 of its complaint that "[i]n late 2001, Mirant began constructing Unit 8." The commencement of construction in 2001, the year of certification, avoids any issue under section 1720.3.

Based on the validity of PG&E's certification for Gateway and the inapplicability of sections 1709.8 and 1720.3, which Gateway cites as support for Count 1, this first count in ACORN's complaint is without merit, and the Commission should dismiss the count for lack of merit.

COUNT 2. ***PG&E Violated the Law by Not Complying with the Applicable Air Quality Standards Before Constructing and Operating the Facility, as Required by the Certification.***

ACORN makes three separate assertions in support of this count. ACORN alleges first that PG&E did not obtain a Final Determination of Compliance (FDOC) from the Bay Area Air Quality Management District (BAAQMD) for Gateway. Second, ACORN alleges that PG&E does not have an Authority to Construct (ATC). Lastly, ACORN alleges that PG&E does not have a valid Prevention of Significant Deterioration (PSD) Permit, in violation of its 2001 Certification.

ACORN's assertions regarding the FDOC reflect a misunderstanding of post-certification amendments and the original application proceeding. ACORN cites section 1744.5 of the Commission's regulations to claim that the facility as built lacks a determination of compliance as required by that section. ACORN's assertion overlooks the fact that section 1744.5 applies to the application proceeding, not to post-certification amendments. Section 1744.5 states in pertinent part, "The local air pollution control officer shall conduct, *for the commission's certification process*, a determination of compliance review of the application in order to determine whether the proposed facility meets the requirements of the applicable new source review rule and all other applicable district regulations." (Cal. Code Regs., tit. 20, § 1744.5, subd. (b); emphasis added.) Because the application process has been completed and resulted in a certification that remains valid, section 1744.5 ceases to apply to the constructed Gateway facility. What governs post-certification amendments is section 1769 of the Commission's regulations. (Cal. Code Regs., tit. 20, § 1769.) Indeed, staff is reviewing PG&E's May 8, 2009 Petition to Amend in accordance with section 1769.

With respect to an authority to construct (ATC), Public Resources Code Section 25500 vests with the Commission the "exclusive power to certify all sites and related facilities in

the state, whether a new site and related facility or a change or addition to an existing facility." Section 25500 further provides that:

> "The issuance of a certificate by the commission shall be in lieu of any permit, certificate, or similar document required by any state, local or regional agency, or federal agency to the extent permitted by federal law...and shall supersede any applicable statute, ordinance, or regulation of any state, local, or regional agency, or federal agency to the extent permitted by federal law."

The Commission's certification is issued in lieu of other required permits, such as the ATC. The Commission's final decision, containing the conditions prescribed in the FDOC, serves as the authority to construct.[1] The district's issuance of an ATC for a project under the Commission's jurisdiction is a ministerial act to ensure the Commission's decision, in fact, incorporates the district's conditions in its FDOC. Here, the FDOC was initially released on February 6, 2001 during the Commission's Application for Certification proceeding, and the ATC was originally issued on July 24, 2001. Staff notes that the owner has requested and received modifications from BAAQMD to the FDOC and the ATC since the initial release of those documents. Also, a current application for modification to both the FDOC and the ATC regarding the diesel fire pump engine is pending at BAAQMD, and that proposed modification also identifies the current, installed smaller dewpoint heater. Thus, the claim that the project owner did not obtain an FDOC or an ATC is incorrect.

As to the PSD Permit, staff notes that PG&E is working with the US Environmental Protection Agency (USEPA) to obtain an updated PSD permit as required by the 2001 Certification. Furthermore, even if the project currently lacked a PSD permit, the absence of such a permit would not invalidate the Commission's certification. The enforcement authority over the specific terms and conditions of a PSD permit are with the USEPA.

Given that the Gateway facility obtained a valid FDOC and ATC, and that the PSD permit is outside of the Commission's jurisdiction, Count 2 of ACORN's complaint is without merit and should be dismissed.

COUNT 3. PG&E violated the Conditions of Certification by not obtaining the required Emissions Offsets.

ACORN alleges that "PG&E has not demonstrated that the complete emission offsets for the facility have been identified and obtained before commencing operations, as required by its certification and the Commission's regulations" and that "PG&E cannot demonstrate compliance with the offset requirements because no final emission requirements have been set forth in a final air permit or in a revised certification." (Complaint, p. 17)

ACORN overlooks the fact that the Gateway facility did surrender emission reduction credits in accordance with its 2001 certification. ACORN also overlooks the fact that the

[1] Exhibit 1, Memorandum of Understanding between ARB and Energy Commission, pages 7 - 8

Gateway facility was approved by the Commission to convert to dry cooling in 2006 and that the switch to dry cooling (through use of an air cooled condenser unit rather than a cooling tower) lowered the facility's particulate matter emissions, and facility permit limits and requirements for emission reduction credits were adjusted down accordingly. ACORN makes no claim that any discrepancies between recently installed equipment and what is certified causes a violation of any condition of certification.

Indeed, as to the current amendment for minor changes, staff has commenced analysis of the changes requested by PG&E in its May 8, 2009 Petition to Amend. Thus far, staff has determined that the dewpoint natural gas heater that is installed and operating is a smaller size than what current conditions of certification allow and, thus, does not cause a violation. Moreover, the installed natural gas heater emits less emissions per hour, per day and per year than what is otherwise allowed under current conditions of certification, and could result in lower facility emission limits and emission reductions accordingly. The diesel fire pump engine that is installed is not operating, pending a review by BAAQMD and approval by the Commission. Staff has reviewed the Health Risk Assessment for the proposed fire pump. If the diesel fire pump engine is approved by the Commission, it would have unit-specific emission and operating limits (for testing and maintenance only) and could operate under the existing overall facility emission limits.

In sum, staff's preliminary analysis of the changes that are the subject of the May 9, 2009 Petition to Amend indicate the likelihood of these changes not violating existing conditions of certification, and, where adjustments are required, they would likely lower the emission limits on the facility. Any discrepancies between installed equipment and what was originally certified are, therefore, better addressed in the amendment process, rather than a complaint proceeding. For these reasons, Count 3 in ACORN's complaint is without merit and should be dismissed. Alternatively, it should be addressed in the amendment proceeding where emission reduction requirements will be analyzed with respect to the minor changes proposed by PG&E.

COUNT 4: ***PG&E Violated the Commission's Requirements for the Opportunity of Public Participation Before the Construction and Operation of Facilities.***

The amendment switching to dry cooling was approved in 2007 by the Commission after the required public process, at which time the public was afforded the opportunity to participate. PG&E has now submitted a new Petition to Amend certain Conditions of Certification to the project. Title 20, California Code of Regulations Section 1769(a)(3) provides in relevant part that a petition to amend "must be approved by the full commission at a noticed business meeting or hearing." The current petition to Amend has not yet been heard at a business meeting, nor will it be approved by the commission without the opportunity for public participation. Thus, the public will be afforded the opportunity to participate in the current Amendment proceedings. Given the above, this count is without merit and should be dismissed.

III. RECOMMENDATIONS

Title 20, California Code of Regulations, section 1237(e) sets forth the actions that the committee must take upon issuance of the staff report on a complaint:

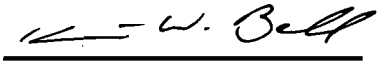
> Within 30 days after issuance of the staff report, the committee shall:
> (1) dismiss the complaint upon a determination of insufficiency of the complaint or lack of merit;
> (2) issue a written decision presenting its findings, conclusions, or order(s) after considering the complaint, staff report, and any submitted comments; or
> (3) conduct hearings to further investigate the matter and then issue a written decision.

Pursuant to section 1237(e)(1), staff recommends that the Committee dismiss all four counts in the complaint for lack of merit as discussed above. Alternatively, the Committee should issue a written decision under section 1237(e)(2) to transfer, in effect, the issue under Count 3 to the ongoing amendment proceeding for Gateway's May 8, 2009 Petition to Amend.

Staff notes that the issues raised in Count 3 of the Complaint are directly connected to the issues presented by PG&E's May 8, 2009 Petition to Amend. To the extent Count 3 sets forth allegations regarding the project's compliance with conditions of certification by not obtaining the required emission offsets, it raises issues that may be settled by the Commission approving the changes that are the subject of the current Petition to Amend. Count 3, if not dismissed, should therefore be addressed in the amendment proceeding for post-certification changes. Such consolidation of issues in the amendment proceeding would dispense with what could otherwise end up being duplicative or overlapping proceedings and would save valuable time and resources.

Date: July 3, 2009

Respectfully Submitted,



KEVIN W. BELL
Senior Staff Counsel

Exhibit 1

APPROVED ARB-CEC JOINT POLICY STATEMENT OF COMPLIANCE WITH AIR QUALITY LAWS BY NEW POWER PLANTS

I. Preamble

This policy will insure an adequate supply of electrical energy while allowing continued improvements in California's air quality. California air quality laws are essential to protect public health and welfare. At the same time, protection of the public health and welfare requires an adequate electrical energy supply. This statement sets forth a procedure for the expeditious approval of needed power plants in a manner that fully preserves the integrity of California's air quality program.

Under this statement, California's utilities are obligated to use the most advanced pollution controls on their new plants and to mitigate fully the adverse effects of the remaining air emissions. At the same time, however, the Energy Commission and air quality regulatory agencies have an obligation to inform utilities and the public early in the planning process of the permissible locations and conditions for new power plants. The actions of all involved parties must be directed toward expeditious, coordinated and well reasoned decisions. With the implementation of this procedure, any irreconcilable conflict between the needs for clean air and adequate electric power will be avoided.

II. General Provisions

A. Contents of Regulatory Documents: The Energy Commission shall be guided by the contents of this policy statement in adopting its amended NOI/AFC Regulations and in any other actions affecting compliance with air quality laws. The ARB shall be similarly guided in adopting its revised model New Source Review rule to be used by local districts and any other actions affecting siting of new power plants.

B. Reimbursement: Pursuant to the provisions of Public Resources Code Section 25536, each local district shall be reimbursed for such added costs, including lost fees, that are actually incurred by the district in complying with any request or duty specified in this statement.

III. NOI Proceeding

A. Filing Requirements: The NOI filing shall contain the information described in Appendix A. Failure of the NOI filing to contain all of the necessary information shall result in a rejection of the filing by the Commission.

B. Procedure: The Commission shall forward a copy of the NOI to each local district within which a site is located and request their participation in the NOI proceeding. Within fourteen days of receipt of the NOI, each district shall notify the ARB and the Commission of their intent to participate in the NOI proceeding. The ARB shall fulfill the NOI-related duties and obligations of each district that fails to participate. Each

local district within which a site is located (or ARB) shall prepare and submit a report prior to the conclusion of the non-adjudicatory hearings specified in Section 25509.5 of the Public Resources Code. That report shall include, at a minimum:

(1) a preliminary specific definition of best available control technology (BACT) for the proposed facility;

(2) a preliminary discussion of whether there is substantial likelihood that the requirements of the applicable New Source Review rule and all other applicable air quality regulations can be satisfied by the proposed facility;

(3) a preliminary list of conditions which the proposed facility must meet in order to comply with the applicable New Source Review rule or any other applicable air quality regulation.

The preliminary determinations contained in the report shall be as specific as possible within the constraints of the information contained in the NOI. The ARB shall review and prepare written comments on all reports prepared by local districts.

If, in the opinion of the ARB, based on the determinations of the local districts, none of the proposed sites has a substantial likelihood of meeting the requirements of the applicable air quality regulations, the Commission staff and ARB, in consultation with the local districts and prior to the conclusion of the nonadjudicatory hearings, shall propose an

alternative siting area for the proposed facility in or near the Applicant's service area which might have a greater likelihood of meeting the applicable air quality regulations and merits further study. That proposal shall include the reasons therefore. If such a proposal is filed, the presiding Commissioner may direct the Applicant to evaluate major siting constraints of the proposed alternative for presentation at the adjudicatory hearings described in Section 25513 of the PRC. Findings and conclusions on these proposed alternatives shall be included in the Commission's final report and decision.

At the request of the presiding Commissioner, any person submitting a report on air quality compliance shall testify in support of that report at any hearings on the NOI. In addition, the Air Pollution Control Officer and the ARB shall, at the direction of the presiding Commissioner, update the information provided in their respective reports in response to changes in the Applicant's proposal which may occur during the NOI proceeding. The Air Pollution Control Officer may also comment on the final report on the NOI consistent with the information contained in the District's report.

C. Decision: The Commission shall not approve any site and related facility unless there is a substantial likelihood that the facility will meet the applicable air quality regulations at that site. Only in the event that the Commission determines that

the facility is urgently needed, the Applicant has made a good faith effort to find acceptable alternative sites and related facilities, and no approvable site has been identified as having a substantial likelihood of compliance may the Commission approve the single site and related facility that is otherwise acceptable and that is most likely to meet all applicable air quality regulations.

Notwithstanding the above, local regulations which the ARB determines are unnecessary for the protection of air quality shall not restrict the number of sites considered.

IV. AFC Proceeding

A. Filing Requirements: Immediately upon the filing of the AFC with the Commission, the Executive Director shall transmit a copy of the AFC to the local district for a Determination of Compliance review. The AFC shall contain all of the information required by the local district for an Authority to Construct under the applicable New Source Review rule; provided, however, that the Applicant need not submit information that requires final plant design or selection of equipment vendors. If the AFC fails to contain such information, the Air Pollution Control Officer shall so inform the Commission within 20 days of receipt of the filing, and the AFC shall be returned to the Applicant for resubmittal.

The APCO or ARB may request from the Applicant any information reasonably necessary for the completion of the Determination of Compliance review. If the APCO or ARB is unable to obtain the information, either agency may petition the presiding Commissioner

for an order directing the Applicant to supply such information.

B. Procedure: Within 240 days of the filing date[1/], or such shorter period as the ARB shall reasonably determine, the APCO shall issue and submit to the Commission a Determination of Compliance on whether the proposed facility meets the requirements of the applicable New Source Review rule and all other applicable district regulations. If the proposed facility complies, the APCO shall specify what permit conditions, including BACT and mitigation measures, are necessary. If the proposed facility does not comply, the APCO shall identify the specific regulations which would be violated by the proposed facility and the basis for determining such violation. In the event of such noncompliance, the APCO shall further identify those regulations with which the proposed facility would comply, including required BACT and mitigation measures. The APCO shall provide an opportunity to be heard to the Applicant and other interested parties. The APCO determination shall be subject to appeal to the ARB to the extent permitted by State Law.

At the direction of the Commission, the APCO and ARB shall make available a witness at the hearings held on the AFC to explain the Determination of Compliance. Any amendment to the Applicant's proposal related to compliance with air quality laws shall be

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1/ If the decision on the AFC is required to be rendered within 12 months, the report shall be submitted within 6 months of the filing date.

transmitted to the APCO and ARB for consideration in the local district's Determination of Compliance.

C. Decision: The Commission AFC decision shall include findings and conclusions on conformity with air quality requirements based on the Determination of Compliance. If the Determination of Compliance concludes that the facility as proposed by the Applicant will comply with all applicable air quality requirements, the Commission shall include in its certification any and all conditions necessary to insure compliance. If the Determination of Compliance concludes that the proposed facility will not comply with all applicable air quality requirements, the Commission shall direct its staff to meet and consult with the applicant and agency concerned to attempt to correct or eliminate the noncompliance.

If the noncompliance cannot be corrected or eliminated, the Commission shall determine whether the facility is required for the public convenience and necessity and whether there are not more prudent and feasible means of achieving such public convenience and necessity. Only when such a determination is made and the proposed facility will meet all provisions and schedules required by the Clean Air Act, may the Commission certify the proposed new facility. When certifying a facility under such conditions the Commission shall require compliance with all applicable air quality requirements that can be met.

V. Enforcement:

The Determination of Compliance and the procedure described in this statement shall serve the purpose of an Authority to Construct. The issuance of a certificate by the Commission, using the procedure described in this statement, shall confer the same rights, privileges and enforcement powers as an Authority to Construct. The APCO shall issue a permit to operate if the facility complies with the conditions contained in the CEC Certificate.

The issuance of a Determination of Compliance shall not be considered a final determination of whether the facility can be constructed or operated. The final decision of the Commission based upon the procedure described in this statement shall be the final action on all issues related to certification of the facility.

Dated: 2/2/79

Richard Maullin

RICHARD L. MAULLIN
Chairman
California Energy Commission

Dated: 3/8/79

THOMAS QUINN
Chairman
California Air Resources Board

Appendix A: Information Requirements for NOI Filing

The following is a description of the requirements for submission of air quality information in a notice of intention filing as applicable to a fossil fueled power plant. These requirements are designed to lead to a determination of whether there is substantial likelihood of compliance with applicable air quality regulations.

1. Project description including typical fuel type and characteristics (BTU content, maximum sulfur and ash content), design capacity, proposed air emission control technologies, stack parameters (assumed height, diameter, exhaust velocity and temperature) and operational characteristics (heat rate, expected maximum annual and daily capacity factor). This information may be based upon typical data for a facility of the proposed type and design.
2. Description of cooling systems, including approximate drift rate, water flow and water quality (TDS content).
3. Projected facility-related emissions from the stack and combustion system, from cooling towers and from associated fuel and other material handling, delivery and storage systems to the extent that the applicable New Source Review rule requires attributing these sources to the proposed project. The emissions discussion should

include a discussion of the basis of the estimate, such as test results, manufacturers' estimates, extrapolations and all assumptions made.

4. A list of all applicable air quality rules, regulations, standards and laws.

5. A statement, including the reasons therefor, of what the Applicant considers best available control technology as defined in the applicable district's New Source Review rule.

6. Existing baseline air quality data for all regulated pollutants affected by the proposed facility including concentrations of pollutants, an extrapolation of that data to the proposed site, and a comparison of the extrapolated data with all applicable ambient air quality standards. This discussion should include a description of the source of the data, the method used to derive the data and the basis for any extrapolations made to the proposed site.

7. Existing meterological data including wind speed and direction, ambient temperature, relative humidity, stability and mixing height, and existing upper air data; and a discussion of the extent to which the data are typical conditions at the proposed site. This description should include a discussion of the source of the data and the method used to derive the data.

8. A worst case air quality analysis for each proposed site and related facility to determine whether the plant may cause or contribute to a violation of each applicable ambient air quality standard. Such analysis shall include a description of the methodology employed and the basis for the conclusions reached, and shall consider topography, meteorology and contributions from other sources in the area.

9. A discussion of the emission offset strategy or any other method of complying with the applicable New Source Review rule. The emission offset strategy shall be designed to show whether there are sufficient offsets available; contracts are not required. Offset categories (e.g. dry cleaners, degreasers) and an inventory of potential reductions may be used unless most of the potential offsets come from a very small number of sources. In the latter case, the offset sources should be more specifically identified. Potential offsets may be aggregated by geographic location as appropriate under the applicable rule.[1/] The offset discussion should also include a brief description of the emissions controls to be used for each offset category and should account

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1/ For example, all offsets in the basin may be aggregated together if the rule applies -- the same offset ratio to all offsets within the basin. However, if a small ratio is applied within a specified radius, offsets within that radius should be separately aggregated.

for applicable rules requiring emission reductions. In the event there is no emissions inventory available from the ARB or from the applicable local district, the Applicant may propose an alternative method for complying with this requirement.

10. Based upon worst case data for analysis for short-term averaging times and typical data for analysis for annual averaging times, a discussion of whether the proposed facility will be within PSD Class I and Class II increments.