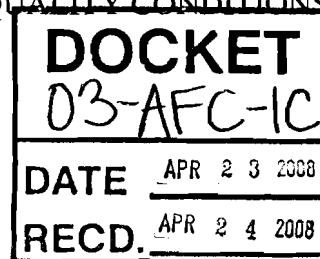


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

**STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

In the Matter of:)	Docket No. 03-AFC-1C
)	Order No. 08-423-2
Roseville Energy Park)	ORDER APPROVING
Petition to Amend)	AMENDMENT OF
_____)	AIR QUALITY CONDITIONS



INTRODUCTION

On January 24, 2008, Roseville Electric, the owner/operators of the Roseville Energy Park Project (REP), filed a petition under Title 20, California Code of Regulations, section 1769, to amend certain conditions of certification regarding offsets for the Project's emissions of oxides of nitrogen (NOx). Petitioner specifically requested permission to provide volatile organic compounds (VOCs) as offsets for the project's NOx emissions instead of providing emission reduction credits from a landfill gas-to-energy facility as originally proposed or from the Community Bank of the Sacramento Municipal Air Quality Management District. In accordance with the District's rules, petitioner offered to provide the VOC offsets at a ratio of 3.38 pounds of VOCs for every pound of NOx required to be offset. The proposed changes would modify conditions of certification AQ-4 and AQ-7 and would add a new condition, AQ9.5. The two sources identified in the Final Decision for purchase of NOx ERCs could not provide the needed offsets. Therefore, the project has been operating on a curtailed level since becoming operational. The modification will allow Roseville Electric to operate more efficiently and to its full capacity.

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STAFF RECOMMENDATION

In accordance with section 1769 of the Commission's regulations, the Energy Commission staff reviewed the petition to determine the extent of the changes proposed and whether they may have a significant effect on the environment. Staff's analysis, filed on March

5, 2008, explained the reasons for the change in offsets to VOCs to offset the project's NO_x emissions. Staff's analysis also explains why the two sources originally proposed for offsets proved to be infeasible based on information that became available only after certification. As a result, the project has been operating at a curtailed level since becoming operational. The modification will allow Roseville Electric to operate the project more efficiently and at full capacity. Because the petitioner is proposing to provide VOC offsets at a ratio consistent with the District's rules, staff concluded that the proposed changes would not cause a significant adverse environmental effect and the project would continue to be in compliance with all applicable laws, ordinances, regulations, and standards.

COMMISSION FINDINGS

On April 23, 2008, both petitioner and the staff appeared before the Commission on this matter. The staff recommended approval of the changes proposed for the conditions of certification for the Roseville Energy Park facility. There were no objections to the proposal. Based on the petition and staff's analysis, the Energy Commission finds that the proposed changes will not result in any significant impact to public health and safety, or the environment. The Energy Commission also finds that:

- the modifications proposed for AQ-4 and AQ-7 and the addition of AQ-9.5 will not change the findings in the Energy Commission's Final Decision with respect to Title 20, California Code of Regulations, section 1755;
- the project will remain in compliance with all applicable laws, ordinances, regulations, and standards;
- the modifications will be beneficial to the public and the project owner by allowing the project owner to operate REP more efficiently and at full capacity as needed; and
- The modifications are based on information that was not known or reasonably available prior to Energy Commission certification.

CONCLUSION AND ORDER

The California Energy Commission hereby adopts Staff's recommendations and approves the following changes to the conditions of certification in Roseville Energy Park Project's

Decision. New language is shown **underlined and bolded**, and deleted language is shown in ~~strikeout~~.

CONDITION(S) OF CERTIFICATION

AQ-4. The ERC certificates to be surrendered if the Alstom turbines are selected shall include the following:

NOx	District/ Certificate	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
City of Roseville	PCAPCD/ 2001-23 (2004-03)	5,050	5,050	5,050	5,050	10.1
Calpine Corp.	YSAQMD/ EC-209 (EC-238)	0	6,199	0	3,188	4.69
Calpine Corp.	YSAQMD/ EC-210	0	9,558	0	3,973	6.77
Energy 2001 or SMAQMD Bank		5,300	5,300	5,250	4,150	10.00
VOCs for NOx	District/ Certificate	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
<u>SMUD</u>	<u>2008-02</u>	<u>12,475</u>	<u>12,695</u>	<u>12,573</u>	<u>12,644</u>	<u>24.19</u>
<u>SMUD</u>	<u>2006-09</u>	<u>1,260</u>	<u>1,260</u>	<u>1,260</u>	<u>1,260</u>	<u>2.52</u>
<u>SMUD</u>	<u>2007-03</u>	<u>2,200</u>	<u>470</u>	<u>1,359</u>	<u>924</u>	<u>2.48</u>
<u>SMUD</u>	<u>2007-06</u>	<u>431</u>	<u>557</u>	<u>557</u>	<u>475</u>	<u>1.01</u>
City of Roseville	PCAPCD/ 2001-26	33,512	33,512	33,512	33,512	67.0
PM10	District/ Certificate	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
City of Roseville	PCAPCD/ 2001-24	2,578	20,167	16,085	15,916	27.37
City of Roseville	PCAPCD/ 2001-22	22,680	-	13,440	22,680	29.40
Enron North America	PCAPCD/ 22001-24 (2004-06)	362	-	420	-	0.39

Verification: The project owner shall submit to the CPM documentation from the PCAPCD showing that all ERCs identified in this Condition have been surrendered as required in Conditions of Certification AQ-5,-6,-7,-8, -9 and **-9.5** if the Alstom GTX100 turbines are selected.

AQ-7. If the NOx ERCs listed in the Energy 2001 row ~~may~~ **are** alternatively be obtained in part at or in whole from the Sacramento Air Quality Management District (SMAQMD) Bank at an offset ratio of 2.1 to 1. The offset ratio of 1.3 to 1 shall apply to Energy 2001 offsets. An offset ratio of 2.1 to 1 shall apply to SMAQMD Bank offsets. The combined quantity shall be sufficient to offset the following NOx emissions:

NOx	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
	4,077	4,077	4,038	3,192	7.69

Compliance to be determined by the following:

$$(\text{NOx ERCs Energy 2001} / 1.3) + (\text{NOx ERCs SMAQMD Bank} / 2.1) = \text{Quarterly requirement.}$$

Verification: The project owner shall notify the CPM and PCAPCD in writing in coincidence with the submittal of the necessary application to the SMAQMD for NOx ERCs from the SMAQMD Bank. The notification shall include at a minimum the application submitted to the SMAQMD and the formula herein completed for each quarter and annual total.

AQ-9.5 The project owner may, as an alternative to obtaining emission reduction credits (ERCs) from either the Energy 2001 facility or the Sacramento Air Quality Management District, purchase valid VOC ERCs within the Placer County Air Pollution Control District. The project owner must use an interpollutant trading ratio of no less than 2.6 to 1 (VOC to NOx) and a distance offset ratio consistent with Placer County Air Pollution Control District Rule 502. The project owner must surrender the VOC ERCs from AIR QUALITY AQ-9.5 Table 1 sufficient to offset the project NOx emissions in the amounts shown in AIR QUALITY AQ-9.5 Table 2. The project owner may bank any excess VOC ERCs with the Placer County Air Pollution Control District.

AIR QUALITY AQ-9.5 Table 1
Placer County Air Pollution Control District
VOC Emission Reduction Credits (pounds)

	<u>1st</u> <u>Quarter</u>	<u>2nd</u> <u>Quarter</u>	<u>3rd</u> <u>Quarter</u>	<u>4th</u> <u>Quarter</u>	<u>Annual</u>
<u>2008-02</u>	<u>12,475</u>	<u>12,695</u>	<u>12,573</u>	<u>12,644</u>	<u>50,387</u>
<u>2006-09</u>	<u>1,260</u>	<u>1,260</u>	<u>1,260</u>	<u>1,260</u>	<u>5,040</u>
<u>2007-03</u>	<u>2,200</u>	<u>470</u>	<u>1,359</u>	<u>924</u>	<u>4,953</u>
<u>2007-06</u>	<u>431</u>	<u>557</u>	<u>557</u>	<u>475</u>	<u>2,020</u>

AIR QUALITY AQ-9.5 Table 2
Required NOx Offsets for Project NOx Emissions

	<u>1st</u> <u>Quarter</u>	<u>2nd</u> <u>Quarter</u>	<u>3rd</u> <u>Quarter</u>	<u>4th</u> <u>Quarter</u>	<u>Annual</u>
<u>Required NOx</u> <u>Offsets</u>	<u>4,842</u>	<u>4,433</u>	<u>4,659</u>	<u>4,528</u>	<u>18,462</u>

Verification: The project owner shall submit to the CPM documentation and all relevant calculations that all ERC certificates identified in this Condition have been surrendered as required.

IT IS SO ORDERED.

Dated: April 23, 2008

STATE ENERGY RESOURCES
CONSERVATION AND
DEVELOPMENT COMMISSION



JACKALYNE PFANNENSTIEL
Chairman