January 18, 2008

Ms. Donna Stone
California Energy Commission
1516 Ninth Street, MS-2000
Sacramento, CA 95814

Subject: Roseville Energy Park (03-AFC-1C)
Petition to Amend License to Modify Air Quality Conditions of Certification

Dear Donna:

On April 13, 2005, the California Energy Commission (CEC) approved the Roseville Energy Park (REP). The project recently began commercial operations in October 2007. The enclosed Petition to Amend the REP license requests modification of two air quality conditions of certification (AQ-6 and AQ-7) related to emission reduction credits for the project. Roseville Electric is requesting expedited approval of these modifications as they will allow RE to operate the REP facility at the higher permitted NOx emissions limit. This higher operating limit is important to Roseville Electric to satisfy increasing demand for electricity within its service territory, to use the power plant to its full economic advantage, and to enhance the ability to provide reliability support to the region.

Sincerely,

Andrea Grenier
REP Compliance Manager

cc: Russ Nichols, Roseville Electric
Scott Galati, Galati & Blek LLP
Greg Darvin, Atmospheric Dynamics, Inc.
STATE OF CALIFORNIA
Energy Resources
Conservation and Development Commission

In the Matter of: DOCKET NO. 03-AFC-1C
Application for Certification for the Roseville Energy Park ROSEVILLE ELECTRIC'S PETITION AMENDMENT TO MODIFY AIR QUALITY CONDITIONS OF CERTIFICATION

On April 13, 2005, the California Energy Commission (CEC) issued a License to Roseville Electric to construct and operate the Roseville Energy Park (REP). The CEC Compliance Project Manager (CPM) issued a letter authorizing start of project construction immediately thereafter and the plant began operating commercially in the fall of 2007. Roseville Electric (RE) is petitioning the CEC to amend the project’s Final Decision to modify certain air quality conditions of certification as discussed below. A similar change to the Final Determination of Compliance (FDOC) issued by the Placer County Air Pollution Control District (PCAPCD) is also being requested from that agency.

In accordance with 20 CCR §1769 the following contains a description of the proposed modifications including a discussion of the necessity for the changes. Additionally, the Petition contains an analysis that demonstrates that the proposed modifications do not undermine any assumption, rationale or finding for the final decision, will not result in significant environmental impacts, and will not affect the ability of the facility to comply with all applicable laws, ordinances, regulations or standards (LORS).
Description of Proposed Modification

RE is requesting approval from the CEC to remove conditions associated with the Energy 2001 and Sacramento Air Quality Management District (SAQMD) Bank NOx Emission Reduction Credits (ERCs) and replace them with a condition that allows the use of VOC ERCs for NOx, in a manner previously stipulated in the Final Decision. This will allow RE to operate the project at the higher permitted NOx emissions limit of 31.09 tons per year (tpy). It should be noted that the total VOC purchase would slightly exceed the amounts necessary to offset the NOx limit of 31.09 tpy.

This amendment is predicated on the fact that no NOx ERCs will be obtained from Energy 2001 because the anticipated new NOx emission credits could not be created by that facility. (RE submitted a compliance filing to the CEC CPM on March 16, 2006, which included a copy of a letter from Energy 2001 indicating they would be unable to secure the ERCs it had hoped to generate by cleaning its landfill gas to certain specifications.) While the CEC Final Decision and PCAPCD FDOC did allow the use of NOx from the SAQMD Bank, such NOx credits were not available in a sufficient quantity to satisfy the needs of the REP facility.

The CEC Final Decision and PCAPCD FDOC also allowed for the use of VOCs for NOx at a ratio of 2.6:1. The VOC ERCs needed to satisfy this amendment are from existing PCAPCD Certificates formerly held by the Sacramento Municipal Utility District (SMUD) and are being obtained by RE. All of these VOC ERCs are from facilities that are located within 15 miles of the REP facility site. Thus, the PCAPCD distance ratio of 1.3 will also apply for a total ratio of 3.38:1. As these ERCs are not being obtained from the PCAPCD Bank, no transfer will be required from the SMAQMD Bank.

The attached tables list the purchased quarterly VOC ERC certificates that will be used to offset NOx. These PCAPCD certificates were previously purchased by the SMUD and issued as ERC Certificates 2003-17, 2006-09, 2007-03, and 2007-06. RE has purchased these certificates, which will be reissued within a few weeks with new ERC Certificate numbers. Appendix A to this Petition provides copies of the PCAPCD VOC certificates. The quantities are shown in Table 1.
TABLE 1 – ERC Certificates 2003-17, 2006-09, 2007-03, and 2007-06 Face Values

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Quarter 1 (lbs)</th>
<th>Quarter 2 (lbs)</th>
<th>Quarter 3 (lbs)</th>
<th>Quarter 4 (lbs)</th>
<th>Annual (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOCs</td>
<td>16,366</td>
<td>14,382</td>
<td>15,749</td>
<td>15,303</td>
<td>36.20</td>
</tr>
</tbody>
</table>

As stated, RE proposes to use these VOC offsets for an interpollutant trade of VOCs for NOx. The interpollutant trading ratio for REP has already been determined to be 2.6 pounds of VOC to obtain one (1) pound of NOx plus the addition of a distance ratio of 1.3 (the reduction occurred within 15 miles of the REP) for a total VOC for NOx ratio of 3.38:1. Use of these certificates would result in slightly more NOx ERCs than is currently needed. The excess VOCs, approximately 3,077 pounds, will be banked by RE for future use. The resulting total quantities of converted NOx are shown in Table 2.

TABLE 2 - ERC Certificates 2003-17, 2006-09, 2007-03, and 2007-06
After Adjustment for VOC for NOx Offset Interpollutant Trading Ratio (Excess Included)

<table>
<thead>
<tr>
<th>VOC for NOx</th>
<th>Quarter 1 (lbs)</th>
<th>Quarter 2 (lbs)</th>
<th>Quarter 3 (lbs)</th>
<th>Quarter 4 (lbs)</th>
<th>Annual (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,842</td>
<td>4,433</td>
<td>4,659</td>
<td>4,528</td>
<td>9.23</td>
</tr>
</tbody>
</table>

The quantities of previously surrendered ERCs for both NOx and VOC converted into NOx are shown in the following Table 3.

TABLE 3 – Existing Quarterly NOx and VOC for NOx Limits

<table>
<thead>
<tr>
<th>NOx and VOC for NOx</th>
<th>Quarter 1 (lbs)</th>
<th>Quarter 2 (lbs)</th>
<th>Quarter 3 (lbs)</th>
<th>Quarter 4 (lbs)</th>
<th>Annual (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11,337</td>
<td>7,429</td>
<td>15,647</td>
<td>12,379</td>
<td>23.39</td>
</tr>
</tbody>
</table>

The resulting total quantities, NOx and VOC converted into NOx (Table 3) plus the VOC converted into NOx (Table 2) are shown in Table 4, which will fully mitigate the permitted NOx limit of 31.09 tpy.

TABLE 4 – Total NOx based upon NOx and VOC for NOx Offset Values

<table>
<thead>
<tr>
<th>NOx and VOC for NOx</th>
<th>Quarter 1 (lbs)</th>
<th>Quarter 2 (lbs)</th>
<th>Quarter 3 (lbs)</th>
<th>Quarter 4 (lbs)</th>
<th>Annual (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,546</td>
<td>13,412</td>
<td>17,646</td>
<td>15,572</td>
<td>31.09</td>
</tr>
</tbody>
</table>
RE also proposes to change the following conditions. (Bold type indicates revised wording, and strikeout indicates deletion.)

Because Energy 2001 was unable to provide and surrender NOx ERCs from its facility, RE requests that Condition of Certification AQ-6 be deleted in its entirety.

AQ-6. ERCs obtained from reductions at Energy 2001 shall be submitted to the PCAPCD prior to commencing operation of any of the stationary source equipment (gas turbines, boiler, emergency fire pump, or emergency generator). Copies of the ERCs surrendered shall be submitted to the Energy Commission by that date. For the purpose of this condition, commencing operation shall be defined as first fire of any of the stationary source equipment listed herein. The Project owner shall submit copies of a PCAPCD confirmation that the ERCs identified have been surrendered at the specified time and amounts to the CPM.

Verification: ERCs obtained from the Energy 2001 shall be surrendered to the PCAPCD at least 30 days prior to the commencement of operation with copies of the confirmation of surrender being sent to the CPM no later than 30 days following the commencement of operation.

RE requests that Condition of Certification AQ-7 be modified as shown below to reflect that the VOC ERCs shall be obtained from the PCAPCD rather than the SAQMD.

AQ-7. The NOx ERCs listed in the Energy 2001 row may alternatively be obtained as VOCs in part at or in whole from the Sacramento Air Quality Management District (SMAQMD) Placer County Air Pollution Control District (PCAPCD) Bank at an interpollutant offset ratio of 2:1 to 1. The distance offset ratio of 1.3 to 1 shall apply to Energy-2004 PCAPCD Bank offsets obtained within 15 miles of Roseville Electric. 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:

<table>
<thead>
<tr>
<th>NOx</th>
<th>Quarter 1 (lbs)</th>
<th>Quarter 2 (lbs)</th>
<th>Quarter 3 (lbs)</th>
<th>Quarter 4 (lbs)</th>
<th>Annual (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,077</td>
<td>4,077</td>
<td>4,038</td>
<td>3,192</td>
<td>7.69</td>
</tr>
<tr>
<td></td>
<td>4,842</td>
<td>4,433</td>
<td>4,659</td>
<td>4,528</td>
<td>9.23</td>
</tr>
</tbody>
</table>

Compliance to be determined by the following:
(NOx ERCs Energy-2001./1.3) + (NOx ERCs SMAQMD Bank./2.1)
(VOC ERCs PCAPCD Bank/1.3*2.6) = Quarterly requirement.
Verification: The Project owner shall provide the CPM and PCAPCD in writing and provide with copies of the re-issued PCAPCD ERC certificates upon receipt by 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.

Necessity of Proposed Modification

RE is requesting approval of these modifications as they will allow RE to operate the REP facility at the higher permitted NOx emissions limit of 31.09 tons tpy. This higher operating limit is important to Roseville Electric to satisfy increasing demand for electricity within its service territory, to use the power plant to its full economic advantage, and to enhance the ability to provide reliability support to the region.

Effect of Decision’s Findings, Assumptions and Rationale

The proposed revisions to Conditions of Certification AQ-6 and AQ-7 do not undermine any of the assumptions, findings or rationale contained in the Decision. The total quarterly emission limits will be identical to the limits already reviewed by all affected agencies and included in the REP license (FDOC and Final Decision) as an optional higher limit. The only difference is the source of the emission reduction credits. The originally licensed ERCs proved not to be available, and RE has instead purchased equivalent ERCs that were created from reductions made at Placer County sources.

Analysis of Environmental Impacts

The proposed revision will not result in environmental impacts because the emission limits are identical to the limits included in the original FDOC and Final Decision.

Compliance with LORS

The proposed revisions to conditions AQ-6 and AQ-7 will not alter the assumptions or conclusions reached in the CEC’s Final Decision and will in fact enhance the project’s ability to comply with the intent of the original decision.
Effect of Modification on Public and Surrounding Property Owners

The modification will have no effect on the public and surrounding property owners. The proposed modifications will not increase annual air emissions above the levels already evaluated and licensed in the FDOC and Final Decision and there are no significant public healthy impacts from the proposed changes. A list of property owners is contained in Appendix B.

Dated: January 18, 2008

Respectfully Submitted,

[Signature]

Russ Nichols, Operations Manager
Roseville Energy Park
Appendix A

PCAPCD VOC Certificates
EMISSION REDUCTION CREDIT
CERTIFICATE NO. 2003-17
(Reference Certificates No. 2002-18 and 2003-03)

IS HEREBY ISSUED TO
Sacramento Municipal Utility District
6201 S Street
Sacramento, CA 95817

FOR ACTUAL EMISSION REDUCTIONS CREATED AT
Builders Pre-Stain, Inc.
3415 Switzer Road
Loomis, California

EMISSIONS UNITS: PRESTAIN APPLICATORS (COATING OPERATION)

THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY GRANTED PURSUANT TO DISTRICT RULE 504:

<table>
<thead>
<tr>
<th>POLLUTANT</th>
<th>1st QTR</th>
<th>2nd QTR</th>
<th>3rd QTR</th>
<th>4th QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLATILE ORGANIC COMPOUNDS</td>
<td>15,086</td>
<td>15,086</td>
<td>15,086</td>
<td>15,086</td>
</tr>
</tbody>
</table>

SUBJECT TO THE FOLLOWING CONDITIONS

1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC certificate are available from the District ERC bank.

2. Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: December 22, 2003

BY: Thomas J. Christofk
AIR POLLUTION CONTROL OFFICER

SIGNATURE, OWNER'S REPRESENTATIVE: Bob Nelson
PRINTED NAME OF SIGNATORY: Bob Nelson
SPT., PROJECT DEVELOPMENT TITLE:
EMISSION REDUCTION CREDIT
CERTIFICATE NO. 2006-09

IS HEREBY ISSUED TO
SACRAMENTO MUNICIPAL UTILITY DISTRICT
6201 S STREET
SACRAMENTO, CALIFORNIA 95817

FOR ACTUAL EMISSION REDUCTIONS CREATED AT
BUILDERS PRESTAIN
3415 SWETZER ROAD
LOOMIS, CALIFORNIA

EMISSIONS UNITS: PRESTAIN APPLICATORS (COATING OPERATION)

THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY
GRANTED PURSUANT TO DISTRICT RULE 504:

<table>
<thead>
<tr>
<th>POLLUTANT</th>
<th>1st QTR</th>
<th>2nd QTR</th>
<th>3rd QTR</th>
<th>4th QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLATILE ORGANIC COMPOUNDS</td>
<td>1,260</td>
<td>1,260</td>
<td>1,260</td>
<td>1,260</td>
</tr>
</tbody>
</table>

SUBJECT TO THE FOLLOWING CONDITIONS

1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC certificate are available from the District ERC bank.

2. Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: December 21, 2006

BY: THOMAS J. CHRISTOFF
AIR POLLUTION CONTROL OFFICER

SIGNATURE, OWNER'S REPRESENTATIVE
SUPT., THERMAL GEN.
PRINTED NAME OF SIGNATORY
BOB NELSON
TITLE

COPY
EMISSION REDUCTION CREDIT
CERTIFICATE No. 2007-03

IS HEREBY ISSUED TO:
SACRAMENTO MUNICIPAL UTILITY DISTRICT
6201 S STREET
SACRAMENTO, CALIFORNIA 95817

FOR ACTUAL EMISSION REDUCTIONS CREATED AT:
PACIFIC MDF PRODUCTS, INC.
4312 ANTHONY COURT
ROCKLIN, CA 95677

EMISSIONS UNITS: SHUTDOWN M2 PRIME LINE (COATING OPERATION)

THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY
GRANTED PURSUANT TO DISTRICT RULE 504:

<table>
<thead>
<tr>
<th>POLLUTANT</th>
<th>1st QTR</th>
<th>2nd QTR</th>
<th>3rd QTR</th>
<th>4th QTR</th>
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</thead>
<tbody>
<tr>
<td>VOLATILE ORGANIC COMPOUNDS</td>
<td>2,200</td>
<td>470</td>
<td>1,359</td>
<td>924</td>
</tr>
</tbody>
</table>

SUBJECT TO THE FOLLOWING CONDITIONS

1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC certificate are available from the District ERC bank.

2. Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: July 19, 2007

SIGNATURE, OWNER'S REPRESENTATIVE
BOB MELSON

PRINTED NAME OF SIGNATORY

Supt., Thermal Generation

THOMAS J. CHRISTOFK
AIR POLLUTION CONTROL OFFICER
EMISSION REDUCTION CREDIT
CERTIFICATE NO. 2007-06

IS HEREBY ISSUED TO:
SACRAMENTO MUNICIPAL UTILITY DISTRICT
6201 S STREET
SACRAMENTO, CALIFORNIA 95817

FOR ACTUAL EMISSION REductions CREATED AT:
COSMOS RINGS
195 FLOCCHINI CIRCLE
LINCOLN, CALIFORNIA 95648

EMISSIONS UNITS: SHUTDOWN OF DIP COATING OPERATION

THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY
GRANTED PURSUANT TO DISTRICT RULE 504:

<table>
<thead>
<tr>
<th>POLLUTANT</th>
<th>1st QTR</th>
<th>2nd QTR</th>
<th>3rd QTR</th>
<th>4th QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLATILE ORGANIC COMPOUNDS</td>
<td>431</td>
<td>557</td>
<td>557</td>
<td>475</td>
</tr>
</tbody>
</table>

SUBJECT TO THE FOLLOWING CONDITIONS

1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC certificate are available from the District ERC bank.

2. Upon transfer of ERCs between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: September 19, 2007

BY: THOMAS J. CHRISTOFK
AIR POLLUTION CONTROL OFFICER

SIGNATURE, OWNER'S REPRESENTATIVE
BOB NELSON
PRINTED NAME OF SIGNATORY
SUPT., THERMAL
TITLE GENERATION

[TAPOC\APR\ERC REGISTER\ERC FILES\2007_06.DOC]
Appendix B

List of Property Owners
<table>
<thead>
<tr>
<th>PARCEL</th>
<th>OWNERFIRST</th>
<th>MAILNUMBER</th>
<th>MAILSTREET</th>
<th>MAILCITY</th>
<th>MAILSTATE</th>
<th>MAILZIP</th>
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<tbody>
<tr>
<td>017 00 072 000</td>
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<td>311</td>
<td>Vernon St</td>
<td>Roseville</td>
<td>CA</td>
<td>95678</td>
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<td>95747</td>
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<td>95678</td>
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<td>PI Roseville Llc</td>
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<td>95746</td>
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<td>017 100 080 000</td>
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