January 10, 2006

Lance Shaw
Compliance Project Manager
02-AFC-4C
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

RE: WALNUT ENERGY CENTER AUTHORITY WALNUT ENERGY CENTER - CONDITIONS OF CERTIFICATION AQ-70 & 71

Dear Mr. Shaw:

Conditions of Certification AQ-70 and AQ-71 for the Walnut Energy Center (WEC) provide emission limits for SOx and PM10 during project commissioning. We have identified transcription errors in the commissioning limits for these two pollutants in these Conditions. Specifically, in Condition AQ-71 it appears that the SOx and PM10 daily emission limits are reversed. Similarly, Condition AQ-70 also has a SOx hourly emission limit that is lower than the non-commissioning SOx hourly limit in Condition AQ-30, indicating an error. Please find attached hereto proposed conforming revisions to Conditions AQ-70 and 71 to correct these discrepancies.

Further, the attached letter from the Turlock Irrigation District to Jim Swaney of the San Joaquin Valley Air Pollution Control District (SJVAPCD) provides an explanation of the existing permit conditions and the proposed revisions. Please note that while the conditions are identical, the SJVAPCD Authority to Construct (ATC) condition numbers are different than the CEC air quality permit condition numbers. SJVAPCD ATC Condition 87 corresponds to CEC Condition 70 and SJVAPCD ATC Condition 88 corresponds to CEC Condition 71.

We believe that the Staff has the discretion to process these changes as an insignificant project change. There are no changes to the underlying air quality analyses or the conclusions reached in the Commission’s Decision. If, however, Staff decides to process these changes as an amendment, this filing is consistent with the requirements of Section 1769 of the California Energy Commission regulations. Specifically, the information presented herein provides a complete description of the proposed modifications, including the new language for the affected Conditions AQ-70 and AQ-71 (SJVAPCD Conditions 87 and 88), as required by Section 1769(a)(1)(A). This filing also includes a discussion of the necessity of the proposed changes,
per Section 1769(a)(1)(B). This filing is based on information that was not known during the time of the certification, and it does not undermine the assumptions, rationale, findings, or other bases for the final decision, per Sections 1769(a)(1)(C) and 1769(a)(1)(D). As discussed above, the revisions to the AQ-70 and AQ-71 condition language do not have the potential to create any significant impacts on the environment, and the project remains consistent with all applicable LORS, per Sections 1769(a)(1)(E) and 1769(a)(1)(F). The proposed revisions will not adversely affect the public, per Section 1769(a)(1)(G). In addition, the proposed revisions will have no adverse effects on nearby property owners, per Section 1769(a)(1)(H) and 1769(a)(1)(I).

Should you have questions, please do not hesitate to contact me at 916-447-2166.

Sincerely,

[Signature]

Jeffery D Harris
Attorneys for WECA

Attachments (2)
Revisions to Conditions
Letter to James Swaney
REVISIONS TO CONDITIONS AQ-70 & AQ-71

AQ-70  The emission rates during the commission period shall not exceed any of the following: 
. . . . Sox – 0.94 1.05 lb/hr, . . . .

AQ-71  . . . . Combined emission rates from permit units N-7172-1 and N-7172-2, during the 
commissioning period, shall not exceed any of the following limits: 
. . . . Sox 336.0 50.3 lb/day; PM10 – 47.8– 336.0 lb/day.
December 30, 2005

Mr. Jim Swaney
San Joaquin Valley APCD
4800 Enterprise Way
Modesto, CA 95356-8718

Subject: Correction of Erroneous ATC Commissioning Limits

Dear Mr. Swaney:

We have identified errors in the Authority to Construct ("ATC") commissioning emission limits for the Walnut Energy Center Authority's Walnut Energy Center ("WEC") located in Turlock, California. The SOx and PM_{10} daily emission limits in Condition 88 of ATCs N-7172-1-0 and N-7172-2-0 appear to be reversed, resulting in an unnecessarily restrictive limit on PM_{10} emissions during commissioning activities. Also, Condition 87 has a SOx hourly emission limit that is lower than the non-commissioning SOx hourly limit in Condition 36.

Condition 88 limits SOx emissions to 336.0 lb/day and PM_{10} emissions to 47.8 lb/day during commissioning for both turbines combined. These limits are incorrect for several reasons. First, these daily limits are inconsistent with the hourly commissioning limits in Condition 87 of 0.94 lb/hr for SOx and 7.0 lb/hr for PM_{10}. Based on these hourly limits and 24 hours of operation, the daily SOx limit should be 0.94 x 24 x 2 turbines = 45.1 lb/day SOx and 7.0 x 24 x 2 turbines = 336.0 lb/day PM_{10}. These are roughly the opposite of the Condition 88 limits (336.0 lb/day SOx and 47.8 lb/day SOx), indicating that there was probably a transcription error.

Second, the Condition 88 SOx and PM_{10} commissioning limits are lower than the daily non-commissioning (normal operation) limits in Condition 35 (168.0 lb/day PM_{10} per turbine) and Condition 36 (25.2 lb/day SOx per turbine). Condition 36 also limits non-commissioning SOx emissions to 1.05 lb/hr, which is higher than the commissioning limit in Condition 87 of 0.94 lb/hr. Commissioning emission limits for SOx and PM_{10} should be the same as the normal turbine operating limits, because commissioning activities generally do not affect turbine SOx and PM_{10} emission rates.

Finally, we note that the maximum daily emission rates submitted in the permit application for the WEC project were 50.3 lb/day SOx and 336.0 lb/day PM_{10} for two turbines combined (see attached Table 8.1-18, page 8.1-38 of the November 21, 2002 permit application). The application also indicates that SOx emissions will be 1.0 lb/hr (Table 8.1-18).
Therefore, we request that the SOx and PM\textsubscript{10} emission limits in Conditions 87 and 88 be corrected to the accurate values reflected in other ATC conditions and the permit application as follows:

87. *The emission rates during the commissioning period shall not exceed any of the following*: \[ \text{SOx} - 0.94 \text{ lb/hr, . . .} \]

88. . . . *Combined emission rates from permit units N-7172-1 and N-7172-2, during the commissioning period, shall not exceed any of the following limits*: \[ \text{SOx} \leq 336.0 \text{ lb/day; PM10} - 47.8 \text{ lb/day}. \]

We request that these permit corrections be processed in the most expeditious manner possible, because the WEC turbines are currently undergoing commissioning operations and could exceed the current incorrect SOx and PM\textsubscript{10} limits on high firing days. We understand that we will be billed for any permit fees associated with this application.

Please contact myself, or Jeff Adkins of Sierra Research at (916) 444-6666 with any questions regarding this matter.

Sincerely,

\[
\begin{array}{c}
\text{George A. Davies IV}
\end{array}
\]

Cc: Susan Strachan
    Jeff Adkins, Sierra Research
    WEC Files
San Joaquin Valley Air Pollution Control District
www.valleyair.org

Permit Application For:

[ ] AUTHORITY TO CONSTRUCT (ATC) - New Emission Unit.
[✓] AUTHORITY TO CONSTRUCT (ATC) - Modification Of Emission Unit With Valid PTO/Valid ATC.
[ ] AUTHORITY TO CONSTRUCT (ATC) - Renewal of Valid Authority to Construct.
[ ] PERMIT TO OPERATE (PTO) - Existing Emission Unit Now Requiring a Permit to Operate.

1. PERMIT TO BE ISSUED TO: Walnut Energy Center Authority

2. MAILING ADDRESS: 600 South Washington Road
   STREET/P.O. BOX: ____________________________
   CITY: Turlock ____________________________
   STATE: CA ____________________________
   ZIP CODE: 95381 ____________________________

3. LOCATION WHERE THE EQUIPMENT WILL BE OPERATED:
   STREET: 600 South Washington Road ____________
   CITY: Turlock ____________________________
   TOWNSHIP ____________________________
   RANGE ____________________________
   S.I.C. CODE(S) OF FACILITY
   (If known):

4. GENERAL NATURE OF BUSINESS: Power Production and Water Supply
   INSTALL DATE: 2005

5. TITLE V PERMIT HOLDERS
   Do you request a COC (EPA Review) prior to receiving your ATC?
   [ ] YES [✓] NO

6. DESCRIPTION OF EQUIPMENT OR MODIFICATION FOR WHICH APPLICATION IS MADE (include Permit #’s if known, and use additional sheets if necessary):
   Correction of commissioning permit limits for SOx and PM10 in Conditions 87 and 88 of ATCs N-7172-1-0 and N-7172-2-0 for consistency with Conditions 35, 36, and the values in the original November 21, 2002 permit application. Revised values should be as follows:
   SOx = 1.05 lb/hr, 50.3 lb/day
   PM10 = 336.0 lb/day

7. HAVE YOU EVER APPLIED FOR AN ATC OR PTO IN THE PAST?
   [✓] YES [ ] NO
   If yes, ATC/PTO #: N-7172-1,2

8. IS THIS PROPERTY ZONED PROPERLY FOR THE PROPOSED USE?
   [✓] YES [ ] NO

9. IS THIS APPLICATION SUBMITTED AS THE RESULT OF EITHER A NOTICE OF VIOLATION OR A NOTICE TO COMPLY?
   [ ] YES [✓] NO
   If yes, NOV/NTC #: __________

Optional Section

10. CHECK WHETHER YOU ARE A PARTICIPANT IN EITHER OF THESE VOLUNTARY PROGRAMS:
    SPARE THE AIR
    INSPECT
    [ ] YES [ ] NO [ ] Send info

11. TYPE OR PRINT NAME OF APPLICANT:
    George A. Davies IV

12. SIGNATURE OF APPLICANT:
    DATE: ____________________________

FOR APCD USE ONLY:

DATE STAMP
RECEIVED: $ ____________________________
CHECK #: ____________________________
DATE PAID: ____________________________
PROJECT #: ____________________________
FACILITY ID: ____________________________

Northern Regional Office * 1230 Kiernan Avenue, Suite 130 * Modesto, California * 95356-9321 * (209) 557-6400 * FAX (209) 557-6475
Central Regional Office * 1900 East Gettysburg Avenue * Fresno, California * 93726-0244 * (559) 230-5900 * FAX (559) 230-6061
Southern Regional Office * 2700 M Street, Suite 275 * Bakersfield, California * 93301-2370 * (661) 326-6900 * FAX (661) 326-6085
Rev. July 2000
• Each turbine operates at full load for 19 hours; and
• Fire pump is tested.

For \( \text{SO}_2 \) and \( \text{PM}_{10} \):
• Each turbine operates at full load for 24 hours;
• Fire pump is tested; and
• Cooling tower operates at maximum output.

**Maximum Annual Emissions:**

For \( \text{NO}_x \), \( \text{CO} \), and \( \text{VOC} \):
• Each turbine operates in startup or shutdown mode for 250 hours per year;
• Each turbine operates at full load for 8,510 hours; and
• Fire pump engine operates for 100 hours per year.

For \( \text{SO}_2 \) and \( \text{PM}_{10} \):
• Each turbine operates at full load for 8,760 hours per year;
• Cooling tower operates at maximum output for 8,760 hours per year; and
• Fire pump engine operates for 100 hours per year.

Detailed emission calculations appear in Appendix 8.1A. Emissions from the cooling tower were calculated from the maximum cooling water TDS level.

**TABLE 8.1-18**

<table>
<thead>
<tr>
<th></th>
<th>( \text{NO}_x )</th>
<th>( \text{SO}_2 )</th>
<th>( \text{CO} )</th>
<th>( \text{VOC} )</th>
<th>( \text{PM}_{10} )</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum Hourly Emissions, lb/hr</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turbines</td>
<td>126.6</td>
<td>2.1</td>
<td>138.3</td>
<td>17.8</td>
<td>14.0</td>
</tr>
<tr>
<td>Fire Pump Engine</td>
<td>3.4</td>
<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Cooling Tower</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3</td>
</tr>
<tr>
<td>Total Project, pounds per hour</td>
<td>130.0</td>
<td>2.2</td>
<td>138.4</td>
<td>17.9</td>
<td>15.4</td>
</tr>
</tbody>
</table>

|                      |                   |                   |                 |                 |                   |
| **Maximum Daily Emissions, lb/day** |                   |                   |                 |                 |                   |
| Turbines             | 888.6             | 50.3              | 1,117.4         | 165.7           | 336.0             |
| Fire Pump Engine     | 3.4               | 0.1               | 0.2             | 0.1             | 0.1               |
| Cooling Tower        | -                 | -                 | -               | -               | 30.9              |
| Total Project, pounds per day | 892.0            | 50.4              | 1,117.6         | 165.8           | 366.9             |

|                      |                   |                   |                 |                 |                   |
| **Maximum Annual Emissions, tpy** |                   |                   |                 |                 |                   |
| Turbines             | 90.8              | 8.7               | 106.5\(^{c}\)   | 18.8            | 61.3              |
| Fire Pump Engine     | 0.2               | <0.1              | <0.1            | <0.1            | <0.1              |
| Cooling Tower        | -                 | -                 | -               | -               | 5.6               |
| Total Project, tons per year\(^{b}\) | 91.0              | 8.7               | 106.5\(^{c}\)   | 18.8            | 67.0              |

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\(^{a}\) See Appendix 8.1A for detailed calculations.

\(^{b}\) Numbers may not add directly due to rounding.

\(^{c}\) Project CO emissions will be limited to less than 100 tons per year.