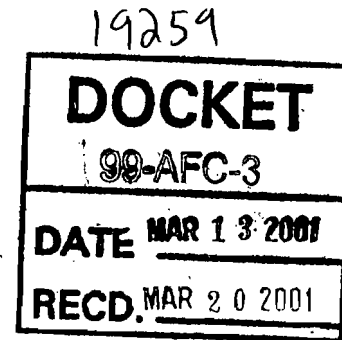




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 Hawthorne Street  
San Francisco, CA 94105

March 13, 2001

Ms. Ellen Garvey  
Air Pollution Control Officer  
Bay Area Air Quality Management District  
939 Ellis Street  
San Francisco, CA 94109



**Re: Final Biological Opinion for Metcalf Energy Center**

Dear Ms. Garvey:

This letter is to notify the Bay Area Air Quality Management District ("District") that EPA has received the final Biological Opinion (BO) dated March 7, 2001, from the U.S. Fish and Wildlife Service ("Service"). This BO was issued in accordance with Section 7 of the federal Endangered Species Act ("Act") to which the proposed Metcalf Energy Center ("Metcalf") facility is subject. This letter will clarify for the District and Calpine Corporation and Bechtel Enterprises, Inc. ("Calpine/Bechtel"), the joint applicant for the Metcalf project, the remaining few steps that we have determined are necessary and appropriate to ensure that the issuance of the federal Prevention of Significant Deterioration (PSD) permit by the District to pursuant to 40 CFR 52.21 is consistent with the requirements of the Act.

By virtue of its status as a new major source of criteria air pollution, the applicant is required to obtain a PSD permit, a federal action that triggers Section 7 of the Act. Although the District has been delegated the authority to issue PSD permits, EPA remains responsible for ensuring that PSD permitting actions by the District are consistent with the requirements of Section 7. One of these requirements is our consultation responsibility with the Service. The BO was prepared by the Service in response to EPA's March 24, 2000 letter in which we requested formal consultation pursuant to Section 7 as a prerequisite for the District's issuance of the PSD permit to Metcalf.

The BO addresses the impacts that the proposed project may have on the federally threatened California red-legged frog (*Rana aurora draytonii*) and the bay checkerspot butterfly (*Euphydryas editha bayensis*), and the federally endangered Santa Clara Valley dudleya (*Dudleya setchellii*), Metcalf Canyon jewelflower (*Streptanthus albidus* ssp. *albidus*), Coyote ceanothus (*Ceanothus ferrisiae*), and Tiburon paintbrush (*Castilleja affinis* ssp. *neglecta*). The BO concludes that Metcalf, as proposed, is not likely to jeopardize the continued existence of the species listed above. In addition to an incidental take statement, the BO imposes Reasonable and Prudent Measures ("RPMs") to minimize incidental take (p. 29), a set of terms and conditions to implement these measures (pp. 29-35), and reporting requirements (p. 36). As outlined in the BO, Calpine/Bechtel is responsible for directly implementing these terms and conditions, while

EPA is responsible for ensuring that the applicant comply with them.

Upon review of the BO, we believe that a few simple steps remain to be done before we can conclude the consultation process. To document that Calpine/Bechtel agrees to implement the RPMs and other terms and conditions included in the BO, and to clarify that permit issuance is based in part on the applicant's representation that it will, in fact, implement these requirements, Calpine/Bechtel should amend its PSD permit application to state that, as part of this project, it will implement all the RPMs, the terms and conditions, and the reporting requirements contained in the BO. We believe that a brief letter from the applicant that includes the information requested immediately above and a statement that the letter serves as an addendum to the permit application would suffice for this purpose. Enclosed is an example of such a letter for the District's and Calpine/Bechtel's information.

To expedite the issuance of the PSD permit, we ask that you formally request Calpine/Bechtel to send the permit application addendum to you with a copy to us. Once we have reviewed this addendum for adequacy, we will notify the District expeditiously in writing, with a copy to the applicant, that EPA has determined that the Act's consultation process is complete and that PSD permit issuance to Metcalf would be consistent with the requirements of the Act.

We very much appreciate your cooperation and assistance in this matter. If you have any questions, please contact Duong Nguyen of my staff at (415) 744-1142.

Sincerely,



Gerardo C. Rios  
Acting Chief, Permits Office

Enclosure

cc: Cay Goude, FWS  
Steve DeYoung, Metcalf  
Paul Richins, CEC  
Michael Tollstrup, ARB



**Blythe Energy**

c/o Caithness Blythe Energy, LLC  
President  
The Grace Building  
1114 Avenue of the Americas  
41st Floor  
New York, NY 10035-7790  
Phone 212-921-9099  
Fax 212-921-9239

February 23, 2001

**RECEIVED**

**MAR - 1 2001**

Permits Office Air-3  
U.S. EPA, Region 9

Mr. Gerardo C. Rios  
Acting Chief, Permits Office  
United States Environmental Protection Agency  
Region IX  
75 Hawthorne Street  
San Francisco, CA 94105

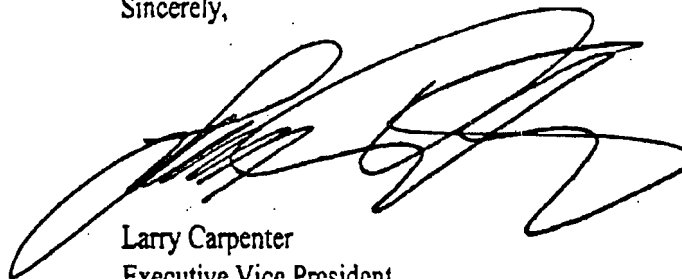
Re: Blythe Energy, LLC  
Application for Prevention of Significant Deterioration Permit  
AIR-3, NSR 4-4-4, SE 00-01

Dear Mr. Rios:

As requested by your February 20, 2001 letter, Blythe Energy, LLC hereby adds this letter as an addendum to its application for a Prevention of Significant Deterioration ("PSD") permit. Blythe Energy, LLC will implement the Reasonable and Prudent Measures ("RPMs"), the terms and conditions, and the notification requirements contained in the U.S. Fish and Wildlife Service's Biological Opinion on the Proposed Blythe Power Project, Riverside County, California (FWS Log No. 1-6-01-F-1166.2), dated January 31, 2001.

Blythe Energy, LLC awaits written notification from EPA that EPA has determined that the consultation process required by the federal Endangered Species Act, as amended (the "Act"), 16 U.S.C. § 1531 et seq., is complete and that issuance of a PSD permit to Blythe Energy, LLC would be consistent with the requirements of the Act.

Sincerely,



Larry Carpenter  
Executive Vice President

cc: Nancy Gilbert, U.S. Fish and Wildlife Service  
Nicholas Chevance, Western Area Power Administration  
Charles Fryxell, Mojave Desert Air Quality Management District  
Lance Shaw, California Energy Commission  
Michael Tollstrup, Air Resources Board