

DOCKETED

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VIA E-FILING

El Segundo Energy Center Petition to Amend (00-AFC-14C)
Christine Stora, Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Re: El Segundo Energy Center Petition to Amend (00-AFC-14C)
Revised Offset Plan

Dear Ms. Stora:

On January 24, 2014, the South Coast Air Quality Management District (the "**District**") released its Preliminary Determination of Compliance ("**PDOC**") for the El Segundo Power Facility Modification ("**ESPFM**") project. The PDOC included a determination that the auxiliary boiler did not qualify for exemption from offsets under District Rule 1304(a)(2). As a result, the applicant will be required to offset the emissions from the auxiliary boiler, pursuant to District Rule 1303(b)(2)(A).

Sources that qualify for exemption under Rule 1304(a)(2) are offset by credits from the District internal offset accounts. These offsets must be purchased at a ratio of 1:1. In the original District permit application, El Segundo Energy Center LLC ("**ESEC LLC**") determined that the auxiliary boiler is necessary to shorten the period of time between initiating startup and achieving compliance with NOx emission limits, and for this reason was "equipment [that] will allow compliance with Rule 1135 or Regulation XX rules." As a result, the applicant's original mitigation plan for compliance with District and CEC offset requirements was to use RECLAIM credits for NOx from all sources, and District internal offset accounts for all other pollutants requiring offsets.

The District's determination that the auxiliary boiler does not qualify for the exemption means that the applicant must provide the offsets for that source. The applicant therefore has revised its offset plan to the following:

- Actual NOx emissions from all sources (turbines and auxiliary boiler) will be offset at a 1:1 ratio using RECLAIM credits.
- All other required offsets from the turbines will be provided at a 1:1 ratio using credits from District internal offset accounts.

- Emission offsets currently owned by the applicant in the amounts shown in Table 1 will be surrendered by the applicant prior to the commencement of construction.

Table 1			
Auxiliary Boiler Offset Requirements			
Auxiliary Boiler	ROG	PM ₁₀	SOx
30 Day Average, lb/day ^a	0.63	1.89	0.13
1.2 Offset District Offset Factor	1.2	1.2	1.2
District offsets, lb/day ^{a,b}	1	2	0
Annual Emissions, lb/year ^c	315	587	55
District Offsets, lb/year ^d	365	730	0

Notes:

^aAs calculated by the District.

^bDistrict offset requirements are rounded to the nearest integer.

^cAnnual facility emissions in Table 1 are calculated using the emission factors (in lb/MMBtu) in Table 3.1A-3 of the PTA, except that a long-term SOx emission factor of 0.071 lb/MMBtu was used to calculate SOx. Maximum annual fuel usage is based on continuous operation at 25% load.

^dDistrict offsets, expressed in units of lb/day, converted to lb/yr by multiplying by 365 days/year.

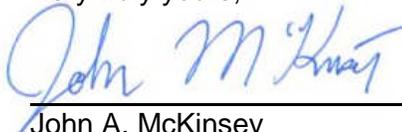
Table 1 shows that annual emissions of ROG and PM₁₀ will be fully offset at a 1:1 ratio by compliance with District offset requirements. The offsets required by the District will exceed project emissions by 50 lb/year of ROG, and 143 lb/year of PM₁₀.

Table 1 also shows that no District offsets will be required for SOx. CEC policy, however, requires that SOx emissions be offset as PM₁₀ precursors in PM₁₀ nonattainment areas. The SOx offsets required by the District will fall short of project emissions by 55 lb/year. The applicant proposes to use the 143 lb/year of excess PM₁₀ offsets to meet the CEC mitigation requirement for SOx as a PM₁₀ precursor.

Applicant proposes to satisfy the offset requirements by surrendering 2 lb/day of PM₁₀ ERCs from Certificate AQ003462, and one lb/day of ROG from Certificate AQ006547. All ERCs are from the Coastal Zone and are valid for this transaction. Offsets will be surrendered to the District prior to commencing construction of the project.

If you have any questions regarding this matter, please contact the applicant's air quality consultant, Tom Andrews, at (916) 273-5139.

Very truly yours,



John A. McKinsey

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Attorneys for El Segundo Energy Center LLC

JAM:dh