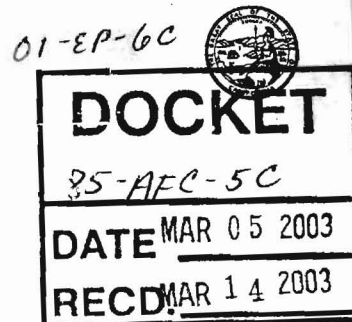


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

STATE OF CALIFORNIA
State Energy Resources
Conservation and Development Commission

In the Matter of:)
)
Calpine, the Owners and Operators of)
KING CITY ENERGY CENTER PROJECT)
KING CITY COGENERATION PROJECT)
_____)

Docket No. 01-EP-6C; 85-AFC-5C
Order No. 03-0305-01(c)

ORDER APPROVING a Petition
to Amend Quarterly and Annual
NO_x Air Quality Conditions of
Certification

Calpine, the owner/operator of the King City Energy Center (KCEC) Emergency Peaking Project, and the King City Cogeneration Project has requested to modify various Air Quality Conditions of Certification to reflect an increase in the quarterly and annual NO_x emissions from the combined sources at both sites. King City Energy Center, LLC will increase their NO_x offsets accordingly. This action will allow the project more operational flexibility.

The Energy Commission Decision of April 11, 2001 adopted by reference all the Monterey Bay Unified Air Pollution Control District's (MBUAPCD) Air Quality Conditions as presented in the Determination of Compliance (DOC).

The Energy Commission approves KCEC's proposed amendment and the proposed modified conditions in accordance with Title 20, Section 1769 (a) (3) of the California Code of Regulations.

COMMISSION FINDINGS

Based on staff's analysis, the Energy Commission concludes that the proposed changes will not result in any significant impact to public health and safety, or the environment. The Energy Commission finds that:

1. The modification will be beneficial to the project owner in that it will allow operational flexibility needed to obtain financing and met DWR contract provisions.
2. There have been substantial changes in the financial circumstances of Calpine since the Commission certified the Emergency Peaker. These changes necessitate the refinancing of the Emergency Peaker, which in turn is requiring operational flexibility of the plant.
3. There will be no new or additional unmitigated significant environmental impacts associated with the proposed change due to the additional 28.24 tons of NO_x offsets the project owner will surrender.
4. The facility will remain in compliance with all applicable laws, ordinances, regulations, and standards.

CONCLUSION AND ORDER

As a result of this amendment the MBUAPCD added a new condition, as well as changing an existing condition in the permits they issued to the King City Energy Center and King City Cogeneration Project.

The California Energy Commission hereby adopts the following changes to the King City Energy Center and the King City Cogeneration Project Decisions:

Changes to Air Quality Conditions of Certification:

(Deleted language is shown as strike through. New language is shown as bold and underlined.)

1. The King City Energy Center shall provide 28.24 tons of NO_x offsets to the District prior to District issuance of the Permit to Operate allowing increased quarterly NO_x emission caps as specified in Condition 19.

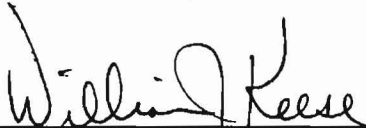
19. Cumulative mass emissions, including emissions generated during Start-ups and Shutdowns, from all equipment at the King City Energy Center, LLC and Calpine King City Cogen, LLC shall not exceed the following quarterly and annual limits:

Pollutant	Pounds of Emissions				
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	annual
NO _x (as NO ₂)	65,392 <u>72,452</u>	66,118 <u>73,178</u>	66,845 <u>73,905</u>	66,845 <u>73,905</u>	265,200 <u>293,440</u>
SO _x	1,748	1,768	1,787	1,787	7,090
VOC	4,762	4,815	4,868	4,868	19,313
PM ₁₀	12,625	12,765	12,905	12,905	51,200
CO	58,445	59,095	59,744	59,744	237,028

IT IS SO ORDERED.

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND
DEVELOPMENT COMMISSION

Date: March 5, 2003



WILLIAM J. KEESE
Chairman