



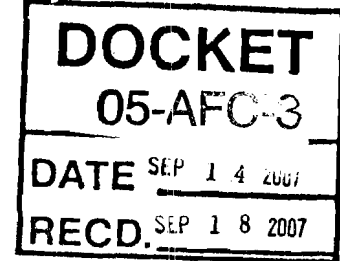
South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

AQMD

September 14, 2007

Mr. Victor Yamada
Valle Del Sol, LLC (146534)
18101 Von Karman, Suite 1700
Irvine, CA 92612-1046



Dear Mr. Victor Yamada:

This is a follow-up to my August 16, 2007 letter regarding the South Coast Air Quality Management District (AQMD) Governing Board's August 3, 2007 approval of amendments to Rule 1309.1 – Priority Reserve. The August 16th letter provided a list of criteria that your Electrical Generating Facility (EGF) is now required to meet prior to the AQMD granting you access to the Priority Reserve. We specifically did not include the reference to the requirements of Rule 1309.1 (c)(5)(B) for renewable/alternative energy criteria in our August 16th letter due to potential changes in the scope of demonstration which were noticed to be considered by the AQMD Governing Board at the September 7, 2007 Board meeting. At the September 7th meeting, however, the AQMD Governing Board decided not to make any changes to the specific rule language.

Therefore, in accordance with Rule 1309.1 (c)(5)(B), the applicant for an In-District EGF shall demonstrate to the satisfaction of the Executive Officer the following:

“That renewable/alternative energy (for the purpose of this rule, renewable/alternative energy is hydropower, wind and wave power, solar and geothermal energy, and fossil fuel-based energy [provided the emissions are no more than those from a fuel cell]) in lieu of natural gas fired EFG is not a viable option for the power to be generated at that site.”

In order for AQMD to further proceed with the processing of your application, it is requested that you provide AQMD with documentation demonstrating your compliance with the above requirement. Please submit the requested information to Mr. Ken Coats by October 16, 2007.

If you have any questions regarding this letter, please contact Mr. Mike Mills, Senior Air Quality Manager at (909) 396-2578 or Mr. John Yee, Senior Engineer at (909) 396-2531.

Very truly yours,

Mohsen Nazemi, P.E.
Assistant Deputy Executive Officer
Engineering and Compliance

MN:MM:jty

cc: Roger Johnson, CEC
Robert Worl, CEC
Barry Wallerstein
Carol Coy
Elaine Chang
Chung Liu