



Roseville Electric  
Roseville Energy Park  
5120 Phillip Road  
Roseville, California 95747

<b>DOCKET</b>	
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DATE	JAN 18 2008
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January 18, 2008

*REP Transmittal Log# 08-001*

Ms. Donna Stone  
California Energy Commission  
1516 Ninth Street, MS-2000  
Sacramento, CA 95814

Subject: Roseville Energy Park (03-AFC-1C)  
Petition to Amend License to Modify Air Quality Conditions of  
Certification

Dear Donna:

On April 13, 2005, the California Energy Commission (CEC) approved the Roseville Energy Park (REP). The project recently began commercial operations in October 2007. The enclosed Petition to Amend the REP license requests modification of two air quality conditions of certification (AQ-6 and AQ-7) related to emission reduction credits for the project. Roseville Electric is requesting expedited approval of these modifications as they will allow RE to operate the REP facility at the higher permitted NO<sub>x</sub> emissions limit. This higher operating limit is important to Roseville Electric to satisfy increasing demand for electricity within its service territory, to use the power plant to its full economic advantage, and to enhance the ability to provide reliability support to the region.

Sincerely,

Andrea Grenier  
REP Compliance Manager

cc: Russ Nichols, Roseville Electric  
Scott Galati, Galati & Blek LLP  
Greg Darvin, Atmospheric Dynamics, Inc.

Roseville Electric  
Roseville Energy Park  
5120 Phillip Road  
Roseville, CA 95747  
(916) 774-5631

STATE OF CALIFORNIA  
Energy Resources  
Conservation and Development Commission

In the Matter of:

DOCKET NO. 03-AFC-1C

Application for Certification for the  
Roseville Energy Park

**ROSEVILLE ELECTRIC'S PETITION  
AMENDMENT TO MODIFY AIR  
QUALITY CONDITIONS OF  
CERTIFICATION**

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On April 13, 2005, the California Energy Commission (CEC) issued a License to Roseville Electric to construct and operate the Roseville Energy Park (REP). The CEC Compliance Project Manager (CPM) issued a letter authorizing start of project construction immediately thereafter and ~~the~~ plant began operating commercially in the fall of 2007. Roseville Electric (RE) is petitioning the CEC to amend the **project's** Final Decision to modify certain air quality conditions of certification as discussed below. A similar change to the Final **Determination** of Compliance (FDOC) issued by the Placer County Air Pollution Control District (**PCAPCD**) is also being requested from that agency.

In accordance with 20 CCR §1769 the following contains a description of the proposed modifications including a discussion of **the** necessity for the changes. Additionally, the Petition contains an analysis that demonstrates that the proposed **modifications** do not undermine any assumption, rationale or finding for the final decision, will not result in significant environmental impacts, and will not affect the ability of the facility to comply with all applicable laws, ordinances, regulations or standards (LORS).

### Description of Proposed Modification

RE is requesting approval from the CEC to remove conditions associated with the Energy 2001 and Sacramento Air Quality Management District (SAQMD) Bank NOx Emission Reduction Credits (ERCs) and replace them with a condition that allows the use of VOC ERCs for NOx, in a manner previously stipulated in the Final Decision. This will allow RE to operate the project at the higher permitted NOx emissions limit of 31.09 tons per year (tpy). It should be noted that the total VOC purchase would slightly exceed the amounts necessary to offset the NOx limit of 31.09 tpy.

This amendment is predicated on the fact that no NOx ERCs will be obtained from Energy 2001 because the anticipated new NOx emission credits could not be created by that facility. (RE submitted a compliance filing to the CEC CPM on March 16, 2006, which included a copy of a letter from Energy 2001 indicating they would be unable to secure the ERCs it had hoped to generate by cleaning its landfill gas to certain specifications.) While the CEC Final Decision and PCAPCD FDOC did allow the use of NOx from the SAQMD Bank, such NOx credits were not available in a sufficient quantity to satisfy the needs of the REP facility.

The CEC Final Decision and PCAPCD FDOC also allowed for the use of VOCs for NOx at a ratio of 2.6:1. The VOC ERCs needed to satisfy this amendment are from existing PCAPCD Certificates formerly held by the Sacramento Municipal Utility District (SMUD) and are being obtained by RE. All of these VOC ERCs are from facilities that are located within 15 miles of the REP facility site. Thus, the PCAPCD distance ratio of 1.3 will also apply for a total ratio of 3.38:1. As these ERCs are not being obtained from the PCAPCD Bank, no transfer will be required from the SMAQMD Bank.

The attached tables list the purchased quarterly VOC ERC certificates that will be used to offset NO<sub>x</sub>. These PCAPCD certificates were previously purchased by the SMUD and issued as ERC Certificates 2003-17, 2006-09, 2007-03, and 2007-06. RE has purchased these certificates, which will be reissued within a few weeks with new ERC Certificate numbers. Appendix A to this Petition provides copies of the PCAPCD VOC certificates. The quantities are shown in Table 1.

<b>TABLE 1 – ERC Certificates 2003-17, 2006-09, 2007-03, and 2007-06 Face Values</b>					
Pollutant	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
VOCs	16,366	14,982	15,749	15,303	36.20

As stated, RE proposes to use these VOC offsets for an interpollutant trade of VOCs for NO<sub>x</sub>. The interpollutant trading ratio for REP has already been determined to be 2.6 pounds of VOC to obtain one (1) pound of NO<sub>x</sub> plus the addition of a distance ratio of 1.3 (the reduction occurred within 15 miles of the REP) for a total VOC for NO<sub>x</sub> ratio of 3.38:1. Use of these certificates would result in slightly more NO<sub>x</sub> ERCs than is currently needed. The excess VOCs, approximately 3,077 pounds, will be banked by RE for future use. The resulting total quantities of converted NO<sub>x</sub> are shown in Table 2.

<b>TABLE 2 - ERC Certificates 2003-17, 2006-09, 2007-03, and 2007-06 After Adjustment for VOC for NO<sub>x</sub> Offset Interpollutant Trading Ratio (Excess Included)</b>					
VOC for NO <sub>x</sub>	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
	4,842	4,433	4,659	4,528	9.23

The quantities of previously surrendered ERCs for both NO<sub>x</sub> and VOC converted into NO<sub>x</sub> are shown in the following Table 3.

<b>TABLE 3 – Existing Quarterly NO<sub>x</sub> and VOC for NO<sub>x</sub> Limits</b>					
NO <sub>x</sub> and VOC for NO <sub>x</sub>	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
	11,337	7,429	15,647	12,379	23.39

The resulting total quantities, NO<sub>x</sub> and VOC converted into NO<sub>x</sub> (Table 3) plus the VOC converted into NO<sub>x</sub> (Table 2) are shown in Table 4, which will fully mitigate the permitted NO<sub>x</sub> limit of 31.09 tpy.

<b>TABLE 4 – Total NO<sub>x</sub> based upon NO<sub>x</sub> and VOC for NO<sub>x</sub> Offset Values</b>					
NO <sub>x</sub> and VOC for NO <sub>x</sub>	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
	<b>15,546</b>	<b>13,412</b>	<b>17,646</b>	<b>15,572</b>	31.09

RE also proposes to change the following conditions. (Bold type indicates revised wording, and strikethrough indicates deletion.)

Because Energy 2001 was unable to provide and surrender NOx ERCs from its facility, RE requests that Condition of Certification AQ-6 be deleted in its entirety.

~~AQ-6. ERCs obtained from reductions at Energy 2001 shall be submitted to the PCAPCD prior to commencing operation of any of the stationary source equipment (gas turbines, boiler, emergency fire pump, or emergency generator). Copies of the ERCs surrendered shall be submitted to the Energy Commission by that date. For the purpose of this condition, commencing operation shall be defined as first fire of any of the stationary source equipment listed herein. The Project owner shall submit copies of a PCAPCD confirmation that the ERCs identified have been surrendered at the specified time and amounts to the CPM.~~

~~Verification: ERCs obtained from the Energy 2001 shall be surrendered to the PCAPCD at least 30 days prior to the commencement of operation with copies of the confirmation of surrender being sent to the CPM no later than 30 days following the commencement of operation.~~

RE requests that Condition of Certification AQ-7 be modified as shown below to reflect that the VOC ERCs shall be obtained from the PCAPCD rather than the SAQMD.

AQ-7. The NOx ERCs listed in the Energy 2001 row may alternatively be obtained as VOCs in part at or in whole from the ~~Sacramento Air Quality Management District (SMAQMD)~~ **Placer County Air Pollution Control District (PCAPCD) Bank** at an interpollutant offset ratio of ~~2.1~~ **2.6** to 1. The distance offset ratio of 1.3 to 1 shall apply to ~~Energy 2001 PCAPCD Bank offsets obtained within 15 miles of Roseville Electric. An offset ratio of 2.1 to 1 shall apply to SMAQMD Bank offsets.~~ The combined quantity shall be sufficient to offset the following NOx emissions:

NOx	Quarter 1 (lbs)	Quarter 2 (lbs)	Quarter 3 (lbs)	Quarter 4 (lbs)	Annual (Tons)
	4,077	4,077	4,038	3,192	7.69
	<b>4,842</b>	<b>4,433</b>	<b>4,659</b>	<b>4,528</b>	<b>9.23</b>

Compliance to be determined by the following :

$$\begin{aligned}
 & \text{(NOx ERCs Energy 2001 /1.3) + (NOx ERCs SMAQMD Bank /2.1)} \\
 & \text{(VOC ERCs PCAPCD Bank/1.3*2.6) = Quarterly requirement.}
 \end{aligned}$$

Verification: The Project owner shall ~~notify~~ **provide** the CPM and PCAPCD ~~in writing in and provide~~ with copies of the re-issued PCAPCD ERC certificates upon receipt. ~~coincidence with the submittal of the necessary application to the SMAQMD for NOx ERCs from the SMAQMD Bank. The notification shall include at a minimum the application submitted to the SMAQMD and the formula herein completed for each quarter and annual total.~~

#### Necessity of Proposed Modification

RE is requesting approval of these modifications as they will allow RE to operate the REP facility at the higher permitted NOx emissions limit of 31.09 tons tpy. This higher operating limit is important to Roseville Electric to satisfy increasing demand for electricity within its service territory, to use the power plant to its full economic advantage, and to enhance the ability to provide reliability support to the region.

#### Effect of Decision's Findings, Assumptions and Rationale

The proposed revisions to Conditions of Certification AQ-6 and AQ-7 do not undermine any of the assumptions, findings or rationale contained in the Decision. The total quarterly emission limits will be identical to the limits already reviewed by all affected agencies and included in the REP license (FDOC and Final Decision) as an optional higher limit. The only difference is the source of the emission reduction credits. The originally licensed ERCs proved not to be available, and RE has instead purchased equivalent ERCs that were created from reductions made at Placer County sources.

#### Analysis of Environmental Impacts

The proposed revision will not result in environmental impacts because the emission limits are identical to the limits included in the original FDOC and Final Decision.

#### Compliance with LORS

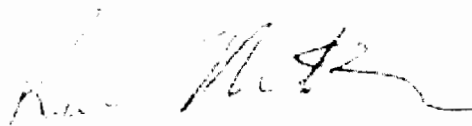
The proposed revisions to conditions AQ-6 and AQ-7 will not alter the assumptions or conclusions reached in the CEC's Final Decision and will in fact enhance the project's ability to comply with the intent of the original decision.

Effect of Modification on Public and Surrounding Property Owners

The modification will have no effect on the public and surrounding property owners. The proposed modifications will not increase annual air emissions above the levels already evaluated and licensed in the FDOC and Final Decision and there are no significant public healthy impacts from the proposed changes. A list of property owners is contained in Appendix B.

Dated: January 18, 2008

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Russ Nichols", written over a horizontal line.

Russ Nichols, Operations Manager  
Roseville Energy Park

Appendix A  
PCAPCD VOC Certificates





11464 B Avenue, Auburn, CA 95603 • (530) 889-7130 • Fax (530) 889-7107

Thomas J. Christofk, Air Pollution Control Officer

EMISSION REDUCTION CREDIT
CERTIFICATE NO. 2003-17
(Reference Certificates No. 2002-18 and 2003-03)

COPY

IS HEREBY ISSUED TO

Sacramento Municipal Utility District
6201 S Street
Sacramento, CA 95817

FOR ACTUAL EMISSION REDUCTIONS CREATED AT
Builders Pre-Stain, Inc.
3415 Swetzer Road
Loomis, California

EMISSIONS UNITS: PRESTAIN APPLICATORS (COATING OPERATION)

THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY GRANTED
PURSUANT TO DISTRICT RULE 504:

Table with 5 columns: POLLUTANT, 1st OTR, 2nd OTR, 3rd OTR, 4th OTR. Row 1: VOLATILE ORGANIC COMPOUNDS, 15,086, 15,086, 15,086, 15,086

SUBJECT TO THE FOLLOWING CONDITIONS

- 1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District...
2. Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: December 22, 2003

BY: Thomas J. Christofk
THOMAS J. CHRISTOFK
AIR POLLUTION CONTROL OFFICER

Signature of Bob Nelson
SIGNATURE, OWNER'S REPRESENTATIVE
BOB NELSON
PRINTED NAME OF SIGNATORY
SUPT., PROJECT DEVELOPMENT
TITLE



**EMISSION REDUCTION CREDIT  
CERTIFICATE No. 2006-09**  
(Reference Certificate No. 2003-18, 2002-18 and 2003-20)

IS HEREBY ISSUED TO  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
6201 S STREET  
SACRAMENTO, CALIFORNIA 95817

FOR ACTUAL EMISSION REDUCTIONS CREATED AT  
BUILDERS PRESTAIN  
3415 SWETZER ROAD  
LOOMIS, CALIFORNIA

EMISSIONS UNITS: PRESTAIN APPLICATORS (COATING OPERATION)

THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY GRANTED PURSUANT TO DISTRICT RULE 504:

<u>POLLUTANT</u>	<u>1st QTR</u>	<u>2nd QTR</u>	<u>3rd QTR</u>	<u>4th QTR</u>
VOLATILE ORGANIC COMPOUNDS	1,260	1,260	1,260	1,260

**SUBJECT TO THE FOLLOWING CONDITIONS**

1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC certificate are available from the District ERC bank.
2. Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: December 21, 2006

BY:

  
THOMAS J. CHRISTOFK  
AIR POLLUTION CONTROL OFFICER

  
SIGNATURE, OWNER'S REPRESENTATIVE

SUPT., THERMAL GEN.  
PRINTED NAME OF SIGNATORY

BOB NELSON  
TITLE

COPY



**EMISSION REDUCTION CREDIT  
CERTIFICATE No. 2007-03**

**COPY**

IS HEREBY ISSUED TO:  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
6201 S STREET  
SACRAMENTO, CALIFORNIA 95817

FOR ACTUAL EMISSION REDUCTIONS CREATED AT:  
PACIFIC MDF PRODUCTS, INC.  
4312 ANTHONY COURT  
ROCKLIN, CA 95677

EMISSIONS UNITS: SHUTDOWN M2 PRIME LINE (COATING OPERATION)

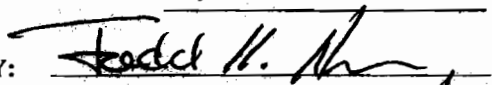
THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY GRANTED PURSUANT TO DISTRICT RULE 504:

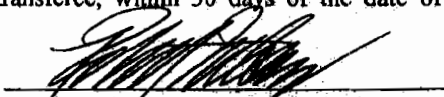
<u>POLLUTANT</u>	<u>1st QTR</u>	<u>2nd QTR</u>	<u>3rd QTR</u>	<u>4th QTR</u>
VOLATILE ORGANIC COMPOUNDS	2,200	470	1,359	924

**SUBJECT TO THE FOLLOWING CONDITIONS**

1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC certificate are available from the District ERC bank.
2. Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: July 19, 2007

BY:   
THOMAS J. CHRISTOFK  
AIR POLLUTION CONTROL OFFICER

  
SIGNATURE, OWNER'S REPRESENTATIVE

BOB NELSON  
PRINTED NAME OF SIGNATORY

SUPT., THERMAL  
TITLE GENERATION



**EMISSION REDUCTION CREDIT  
CERTIFICATE No. 2007-06**

IS HEREBY ISSUED TO:  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
6201 S STREET  
SACRAMENTO, CALIFORNIA 95817

FOR ACTUAL EMISSION REDUCTIONS CREATED AT:  
COSMOS RINGS  
195 FLOCCHINI CIRCLE  
LINCOLN, CALIFORNIA 95648

EMISSIONS UNITS: SHUTDOWN OF DIP COATING OPERATION

THE FOLLOWING EMISSION REDUCTIONS (IN POUNDS PER QUARTER) ARE HEREBY GRANTED PURSUANT TO DISTRICT RULE 504:

<u>POLLUTANT</u>	<u>1st QTR</u>	<u>2nd QTR</u>	<u>3rd QTR</u>	<u>4th QTR</u>
VOLATILE ORGANIC COMPOUNDS	431	557	557	475

**SUBJECT TO THE FOLLOWING CONDITIONS**

1. The issuance of this ERC certificate shall not constitute evidence of compliance with the rules and regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC certificate are available from the District ERC bank.
2. Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of an agreement, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee, within 30 days of the date of the agreement authorizing the transfer of the ERC's.

DATE ISSUED: September 19, 2007

BY: Thomas J. Christofk  
THOMAS J. CHRISTOFK  
AIR POLLUTION CONTROL OFFICER

Bob Nelson  
SIGNATURE, OWNER'S REPRESENTATIVE  
BOB NELSON  
PRINTED NAME OF SIGNATORY  
SUPT., THERMAL  
TITLE GENERATION

COPY

**Appendix B**  
**List of Property Owners**

	PARCEL	OWNERFIRST	OWNERLAST	MAILNUMBER	MAILSTREET	MAILCITY	MAILSTATE	MAILZIP
1	017 100 072 000	City of Roseville		311	Vernon St	Roseville	CA	95678
2	017 100 014 000	City of Roseville		311	Vernon St	Roseville	CA	95678
3	017 100 015 510	City of Roseville		311	Vernon St	Roseville	CA	95678
4	017 100 018 510	City of Roseville		311	Vernon St	Roseville	CA	95678
5	017 100 027 510	City of Roseville		311	Vernon St	Roseville	CA	95678
6	017 100 028 510	City of Roseville		311	Vernon St	Roseville	CA	95678
7	017 100 030 510	City of Roseville		311	Vernon St	Roseville	CA	95678
8	017 100 031 510	City of Roseville		311	Vernon St	Roseville	CA	95678
9	017 100 032 000	William C Sr	Harris	4900	Phillip Rd	Roseville	CA	95747
10	017 100 033 000	Felix	Chuang	12351	Crayside Ln	Saratoga	CA	95070
11	017 100 038 000	Bd Properties Bennett Orin		8568	Pheasant Hill Ct	Orangevale	CA	95662
12	017 100 042 000	Phillips Road 160 Investors		511	35th St	Sacramento	CA	95816
13	017 100 045 000	City of Roseville		311	Vernon St	Roseville	CA	95678
14	017 100 073 000	City of Roseville		311	Vernon St	Roseville	CA	95678
15	017 100 077 000	PI Roseville Lic		4196	Douglas Blvd #100	Granite Bay	CA	95746
16	017 100 080 000	West Roseville Development Company Inc		4670	Willow Rd #200	Pleasanton	CA	94588
17	492 010 001 000	Siena Roseville		1801	I St Ste 200	Sacramento	CA	95811