



LOS ESTEROS CRITICAL ENERGY FACILITY
800 THOMAS FOON CHEW WAY
SAN JOSE, CALIFORNIA 95134

March 14, 2008

Mr. Lance Shaw
Compliance Project Manager
Systems Assessment & Facility Siting Division
California Energy Commission
1516 Ninth Street, MS-15
Sacramento, CA 95814

DOCKET	
01-AFC-12C	
DATE	MAR 14 2008
RECD	MAR 28 2008

RE: PETITION TO AMEND LOS ESTEROS CRITICAL ENERGY FACILITY'S CONDITIONS OF CERTIFICATION APPLICATION 01-AFC-12

Dear Mr. Shaw:

Pursuant to Section 1769 of the California Energy Commission (CEC) Siting Regulations, Los Esteros Critical Energy Facility, LLC (LECEF), hereby submits the attached Petition to amend LECEF's Conditions of Certification. This petition revises the petitions for Air Quality Changes submitted on June 22, 2005 and November 14, 2006 (upon which the Commission has yet to act) by limiting the requested changes to just two conditions, AQ-26 and AQ-27. The changes to the Title V and Permit to Operate have been previously discussed with the BAAQMD. The BAAQMD supports the proposed revisions. Moreover, the revisions to AQ-26 and AQ-27 will not have any adverse impacts on the environment or the public.

Please contact me at (408) 361- 4951 if you have any questions regarding this submittal.

Sincerely,

Dan Arellano
General Manager
Calpine South Bay Projects

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is crucial for ensuring transparency and accountability in the organization's operations.

**PETITION TO AMEND LOS ESTEROS CRITICAL ENERGY FACILITY'S
CONDITIONS OF CERTIFICATION (01-AFC-12)**

As required by Section 1769 of the CEC Siting Regulations, LECEF hereby submits the following discussion to amend Conditions AQ-26 and AQ-27 of LECEF's Application for Certification 01-AFC-12.

Pursuant to Section 1769 (a)(1)(A) and (B), a description of the proposed modifications, including new language for affected conditions and the necessity for the modifications is required.

The modifications proposed to Conditions of Certification AQ-26 and AQ-27 are as follows.

The changes to condition AQ-26 are being proposed based on the infrequent operation of these peaking facilities. The District typically imposes an annual source test requirement on facilities assuming that the facility is in operation most of the year. The purpose of the source testing is to determine compliance with emission limits as a facility's equipment is operated over time. Since this facility is a peaking facility, source testing every 8,000 hours of operation, which is essentially equivalent to one year of operation, is reasonable.

We are also requesting a time frame of sixty days from the completion of a source test to submit the results to the District. Past experience has indicated that source test vendors require more than thirty days to complete analyses and provide a report.

Finally, we have added EPA Method 202 to the particulate sampling test methods to ensure the condensable portion of the particulates are captured. LECEF proposes to amend Condition AQ-26 as follows:

AQ-26. Source Testing/RATA: Within sixty days after startup of the gas turbines, and at a minimum on an annual basis thereafter, a relative accuracy test audit (RATA) must be performed on the CEMS in accordance with 40 CFR Part 60 Appendix B Performance Specifications, ~~and a A~~ source test shall be performed at least every 8,000 hours of gas turbine operation. Additional source testing may be required at the discretion of the District to address or ascertain compliance with the requirements of this permit. The written test results of the source tests shall be provided to the District within ~~thirty~~sixty days after testing. * * *

Verification: At least 30 days prior to the date of each source test, the owner/operator shall submit a source test protocol to the District and the CPM for approval. At least 10 days prior to the testing date, the owner/operator shall notify the District and the CPM of the date of the source test. No more than ~~30~~60 days after the date of the source test, the

owner/operator shall submit the results of the RATA and source test to the District and the CPM for approval.

LECEF would also like to amend Condition AQ-27 to allow for the use of a calculation based on the total sulfur levels in the fuel to demonstrate compliance with SAM emission limits in Condition AQ-23. As previously discussed with the Staff and the BAAQMD, the method for measuring sulfuric acid mist would not result in a detection limit low enough to prove compliance with the emissions limits in Condition AQ-23. BAAQMD supports this proposed revision. We are currently submitting calculations based on the fuel gas sulfur to comply with this condition. As long as we are in compliance with our fuel gas sulfur limit listed in Condition AQ-24 c), the limit contained in AQ-23 listed above cannot be exceeded. Therefore, as long as compliance is demonstrated with Condition AQ-23 there is no need to conduct further source testing or calculations to prove compliance with this condition. We would like AQ-27 to read as follows:

AQ-27 ~~Within 60 days of start-up of the LECEF and on a semi-annual basis thereafter, the owner/operator shall conduct a District approved source test on exhaust points for S-1 through S-4 while each Gas Turbine is operating at maximum load to demonstrate compliance with the SAM levels in AQ-23. The owner/operator shall test for (as a minimum) SO₂, SO₃ and SAM. After acquiring one year of source test data on these units, the owner/operator may petition the District to switch to annual source testing if test variability is low using the calculation method based on total sulfur levels in the fuel and a speciation based on the EPA guidance document "Emergency Planning and Community Right To Know Act – Section 313-Guidance for Reporting Sulfuric Acid". (Basis: PSD Avoidance, SAM Periodic Monitoring)~~

Verification: The project owner/operator shall verify all emission limits in this Condition of Certification as part of the quarterly report required in Condition of Certification AQ-34.

Pursuant to Section 1769 (a)(1)(C), a discussion is required on if the modification is based on information that was known by the petitioner during the certification proceeding, and an explanation of why the issue was not raised at that time.

The changes being requested to AQ-26 and AQ-27 are based on new information that was learned as a result of operating experience gained at the facility and was not known at the time of certification.

Pursuant to Section 1769(a)(1)(D), a discussion is required on whether the modification is based on new information that changes or undermines the assumptions, rationale, findings, or other bases of the final decision, and explanation of why the change should be permitted.

The proposed changes to AQ-26 and AQ-27 are based on information learned after the completion of the certification process during the commissioning and operation phase of the project. Given that the revisions relate to the time for testing, the time for the delivery of testing reports, the addition of approved test methods, and the use of calculations based on EPA guidance, the proposed revisions do not undermine the assumptions, rationale, findings or other bases of the final decision.

Pursuant to Section 1769(a)(1)(E), an analysis of the impacts the modifications may have on the environment and proposed measures to mitigate any significant adverse impacts is required.

Given that the revisions relate to the time for testing, the time for the delivery of testing reports, the addition of approved test methods, and the use of calculations based on EPA guidance, the proposed changes to the conditions of certification will not result in any significant adverse environmental impact.

Pursuant to Section 1769(a)(1)(F), a discussion of the impact of the modification on the facility's ability to comply with applicable laws, ordinances, regulations, and standards is required.

The proposed amendments will have a positive impact on the facility's ability to comply with applicable laws, ordinances, regulations, and standards. As one example, the proposed change to the total sulfur calculation method enables the facility to demonstrate compliance with SAM levels, whereas, the original source test method could not, as the minimum analytical detection limits were too high.

Pursuant to Section 1769 (a)(1) (G), a discussion of how the modifications affect the public is required.

Because the modification will not result in any significant, unmitigated environmental impacts and because the project will remain in compliance with applicable laws, ordinances, regulations, and standards, the proposed modification will not adversely affect the public.

Pursuant to Section 1769(a)(1)(H), a list of property owners potentially affected by the modification is required.

The property owners are the same as listed in Application for Certification 01-AFC-12 filed in 2001.

Pursuant to Section 1769(a)(1)(I), a discussion of the potential effect on nearby property owners, the public and the parties in the application proceedings is required.

This Amendment will not result in any changes to the potential effects on nearby property owners, the public and parties in the application proceeding from those described in the

Commission's approval of the project, Accordingly, the proposed amendments will have no impact on property owners, the public, or any other parties.

