



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 Hawthorne Street  
San Francisco, CA 94105-3901

**DOCKET**

**01-AFC-18C**

DATE JUN 01 2009

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June 1, 2009

David Warner  
Director of Permit Services  
San Joaquin Valley Air Pollution Control District  
1990 E. Gettysburg Avenue  
Fresno, CA 93726-0244

**Re: EPA Comments on Project Number C-1083176**  
**Facility Name: GWF Energy, LLC – Henrietta (C-3929)**

Dear Mr. Warner:

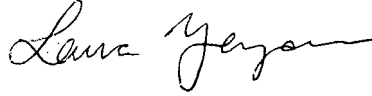
Thank you for the opportunity to comment on San Joaquin Valley Air Pollution Control District's (District) preliminary Determination of Compliance (PDOC) for Project Number C-1083176 at GWF Energy, LLC – Henrietta (GWF Henrietta) (C-3929). We understand that the project is a proposed title V significant modification and the applicant has requested that a Certificate of Conformity (COC) be issued for this project.

Our comments provided in the enclosure are made in reference to the PDOC submitted to us on April 17, 2009. They address the PDOC evaluation and proposed permit conditions as they pertain to the federal New Source Review (NSR) program and title V program requirements. While this project does not appear to trigger review under the requirements for Prevention of Significant Deterioration (PSD), it is subject to the requirements for major modification under Non-attainment NSR review for NOx emissions.

Based on our review, we are concerned that several items in the permit package may not meet federal requirements, such as the proposal to re-bank NOx offsets that have been surrendered previously and the proposal to use an inter-pollutant offset ratio that EPA has not yet approved.

We look forward to working with you to address our comments prior to the issuance of the Final Determination of Compliance (FDOC). Please contact Andrew Chew at (415) 947-4197 or Laura Yannayon at (415) 972-3534 of my staff if you have any questions.

Sincerely,



for Gerardo C. Rios  
Chief, Permits Office

Enclosure

cc: Keith Golden, California Energy Commission  
Michael Tollstrup, California Air Resources Board

**EPA Comments on the Preliminary Determination of Compliance (PDOC) for  
GWF Henrietta Combined Cycle Power Plant (C-3929)**

**NSR Comments**

1. Offsets required for PM10 emissions

GWF Henrietta is required to provide offsets for the net emission increase of PM10 resulting from the project. To meet this requirement, GWF Henrietta proposed (on page 48) to allocate any excess previously offset NOx emissions towards meeting the PM10 offset requirements by “re-bank[ing] the [NOx] ERCs that they originally provided.” However, this type of “rebanking” does not comply with the Clean Air Act’s requirement under Section 173(a) that the offsets be real emission reductions. While District Rule 2301 may allow a source to bank offsets that have been previously provided if its associated Permit to Operate has been voluntarily modified, that Rule has not been SIP-approved and is not consistent with the requirements of the Clean Air Act. In addition, it is our understanding that this rule was meant to be used to adjust the amount of ERCs actually needed by the facility when the new or modified emission units first commenced operation, and not to recover or re-create ERCs after those units have been operating for years.

Thus, under these circumstances, the ERCs that GWF Henrietta surrendered to permit the original Henrietta Project were consumed by the original permitting action and cannot be re-banked as ERCs. Instead, the applicant would have to create ERCs from actual emissions reductions.

2. Inter-pollutant offset ratio

Although the project relies on an inter-pollutant offset ratio of 2.629:1 for NOx-to-PM10, the underlying methodology to determine the appropriate ratio for inter-pollutant offsets has not been approved by EPA as required by District Rule 2201. The burden in seeking approval for inter-pollutant offsets rests with GWF Henrietta to demonstrate that the proposed inter-pollutant offsets will ensure a net air quality benefit in the area of the proposed project. It is important to note that modeling is a critical component of an inter-pollutant offset analysis, and subsequent models are evaluated on a case-by-case basis. Any approach for inter-pollutant offsets, therefore, must be carefully considered by the agencies in the context of a thorough and descriptive protocol. EPA must concur with the assumptions and methodology before such a ratio may be used in this project. Even though a proposed methodology has been presented in a District attainment plan, it should not be inferred that the methodology has been automatically approved for use in this project. Accordingly, GWF Henrietta and SJVAPCD must work with EPA on such protocol to be reviewed in advance of an acceptable methodology. We are available to discuss the schedule for submission of such a protocol and its components. At a minimum, the protocol should include standard information, such as model choice, episode selection, emissions inventory parameters, and performance criteria.

3. Federally enforceable limits on PTE for stationary gas turbines

While the PDOC contains conditions for startup and shutdown (SU/SD) operating scenarios (e.g., mass limits, duration of startups and shutdowns, definitions of operating scenarios, etc.), it should also contain limits on the number of such events when operating under simple- or combined-cycle operation, since the evaluation is based on an assumed number of these events (page 24 of the PDOC). Likewise, the calculations were based on a total of 8,541 hours of operation per year rather than the maximum of 8,760 hours in a year. For these reasons, the proposed permit conditions must include limits on the capacity utilization and/or hours of operation to properly reflect the scenarios used in the emission calculations. Furthermore, the permit must include proper monitoring and recordkeeping conditions for such limits.