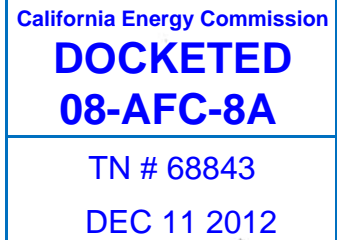




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

December 10, 2012



David Warner, Director of Permit Services
San Joaquin Valley Unified APCD
1990 E. Gettysburg Avenue
Fresno, California 93726-0244

Re: Transfer of the Prevention of Significant Deterioration Permit Program from EPA Region 9 to the San Joaquin Valley Unified Air Pollution Control District

Dear Mr. Warner:

On November 26, 2012, the effective date of the approval of San Joaquin Valley Unified Air Pollution Control District (District) Rule 2410 into the California State Implementation Plan, the District became the Prevention of Significant Deterioration (PSD) permitting authority for sources located within the District (see 77 FR 65305). Historically, the U.S. Environmental Protection Agency (EPA), through the Federal Implementation Plan at 40 CFR 52.21, has administered the PSD permit program within the District. The transfer of this authority from EPA to the District includes the authority to issue pre-construction PSD permits for new or modified facilities; as well as, the authority to conduct general administration of existing PSD permits issued by EPA for sources within the District, authority to process and issue any and all subsequent permit actions relating to such permits, and authority to enforce such permits.

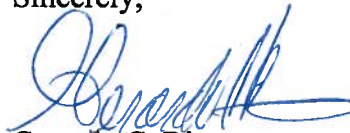
The only exception to the current transfer is the PSD permit for the Avenal Energy Project. We are retaining PSD permitting authority for this facility at this time given the pending petition for the review of the PSD permit issued by EPA to this facility before the Ninth Circuit Court of Appeals. The District will assume full responsibility for the administration and implementation of the final PSD permit for this facility, if applicable, immediately upon notification from EPA to the District that any and all administrative and judicial appeals processes (and any associated remand actions) have been completed or concluded for the permit decision. Prior to the date of such notification, EPA is retaining authority to apply 40 CFR 52.21 to this permit decision. (See 40 CFR 52.270(b)(5)(i)).

By this letter, we are transferring to the District all existing PSD permit applications for sources within the District for which EPA has not yet issued a proposed PSD permit: Covanta – Delano, Hydrogen Energy California, Kern River Cogeneration, and Sycamore Cogeneration. Separately, we have notified these sources that their applications are being transferred to the District and

recommended they contact the District as soon as possible to move forward with processing of their applications. We are also providing to the District all existing PSD permits previously issued by EPA for sources located within the District and other information we believe is needed as you begin implementing the PSD program. (Please see the enclosed CD.)

We look forward to working with you and your staff as you begin this endeavor. Please feel free to contact Laura Yannayon at Yannayon.Laura@epa.gov or (415) 972-3534 or Geoffrey Glass at Glass.Geoffrey@epa.gov or (415) 972-3498 if we can provide additional assistance during this transition period.

Sincerely,



Gerardo C. Rios
Chief, Air Permits Office

Enclosure

cc: Michael Tollstrup, California Air Resources Board (letter only, via email)
Kelly Champion, Covanta Energy Corporation (letter only, via email)
Jeffrey L. Hahn, Covanta Delano Energy Coporation (letter only, via email)
Bill Dennison, CH2M Hill (letter only, via email)
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Melissa Mascaro, Hydrogen Energy California LLC (letter only, via email)
Julie Mitchell, URS Corporation (letter only, via email)
Bruce Dyer, SCS Energy (letter only, via email)
Michael J. Carroll, Latham & Watkins LLP (letter only, via email)
Neil Burgess, Kern River Cogeneration Company and Sycamore Cogeneration Company (letter only, via email)
Daniel Beck, Sycamore Cogeneration Company (letter only, via email)

**STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of:)	Docket No. 08-AFC-08A
)	
REVISED APPLICATION FOR)	PROOF OF SERVICE
CERTIFICATION FOR THE HYDROGEN)	
ENERGY CALIFORNIA POWER PLANT)	(November 20, 2012)
PROJECT ("HECA"))	
_____)	

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HYDROGEN ENERGY CALIFORNIA PROJECT
CEC Docket No. 08-AFC-08A

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HYDROGEN ENERGY CALIFORNIA PROJECT
CEC Docket No. 08-AFC-08A

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HYDROGEN ENERGY CALIFORNIA PROJECT
CEC Docket No. 08-AFC-08A

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HYDROGEN ENERGY CALIFORNIA PROJECT
CEC Docket No. 08-AFC-08A

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DECLARATION OF SERVICE

I, Paul Kihm, declare that on December 11, 2012, I served and filed copies of the attached:

**LETTER FROM GERARDO RIOS TO DAVID WARNER RE HECA PERMIT
APPLICATION TRANSFER TO SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION
CONTROL DISTRICT**

to all parties identified on the Proof of Service List above in the following manner:

California Energy Commission Docket Unit

☒ Transmission via electronic mail to:

CALIFORNIA ENERGY COMMISSION
Attn: DOCKET NO. 08-AFC-08A
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

For Service to All Other Parties

☒ Transmission via electronic mail to all email addresses on the Proof of Service list.

I declare under penalty of perjury that the foregoing is true and correct. Executed on December 11, 2012, at Costa Mesa, California.

/s/ Paul Kihm

Paul Kihm