

January 30, 2007

Ms. Deborah Jordan, Director
Air Management Division
United States Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105

Dear Ms. Jordan:

This is to advise you that the Bay Area Air Quality Management District is proposing a Significant Revision of the Major Facility Review (MFR) Permit for Facility #B4511

ALAMEDA COUNTY
Tom Bates
Scott Haggerty
Janet Lockhart
Nate Miley

CONTRA COSTA COUNTY
John Gioia
Mark Ross
(Chair)
Michael Shimansky
Gayle B. Uilkema

MARIN COUNTY
Harold C. Brown, Jr.

NAPA COUNTY
Brad Wagenknecht

SAN FRANCISCO COUNTY
Chris Daly
Jake McGoldrick
Gavin Newsom

SAN MATEO COUNTY
Jerry Hill
(Vice-Chair)
Carol Klatt

SANTA CLARA COUNTY
Erin Garner
Yoriko Kishimoto
Liz Kniss
Patrick Kwok

SOLANO COUNTY
John F. Silva

SONOMA COUNTY
Tim Smith
Pamela Torliatt
(Secretary)

Jack P. Broadbent
**EXECUTIVE
OFFICER/APCO**

Application Number	Facility Number	Facility Name	Address, City	Type of Operation
10471	B4511	Gilroy Energy Center, LLC	2425 Cordelia Road Fairfield, CA 94533	Generation of Electricity

The main purpose of the proposed revision (Application #10471) is to incorporate amendments to permit conditions that the District approved in January 2005, under permit application 10472. The District is considering the proposed revision to be significant because it includes a change in the required source test frequency for the gas turbine from annually to once every 8000 hours of operation or once every 3 years, whichever comes first. This is a relaxation of monitoring and therefore could be considered a significant revision pursuant to Regulation 2-6-226.3. In addition, the proposed revision includes a number of other changes from application 10472, including the following:

1. Clarify the definition of hours to "Clock" hours with any consecutive 60 minute period "beginning on the hour"
2. Condition #19684, part 18.2: Revise the ammonia slip monitoring language to agree with standard language in other Calpine power plant permits. The revised language will allow the use of a District-approved calculation method to monitor ammonia slip. This is not a relaxation of monitoring, but replaces the original calculation method that was inaccurate. In addition, the basis of the permit condition will be changed from "BACT" to "TRMP" (Toxic Risk Management Plan), since the ammonia slip limit was based upon the District health risk assessment policies and not the BACT provision of NSR.
3. Condition #19684, part 21: Account for increase of emissions from 4 hours of engine startups by increasing NOx and CO from 109 lb/day and 159 lb/day to 121 lb/day and 163 lb/day, respectively.
4. Condition #19684, part 21: Applicant wants to maintain the flexibility to operate the turbine up to 8,760 hrs/yr while maintaining NOx limit of 14.7 tpy, and increase CO, POC, and PM10 limits to 29.2 tpy, 5.5 tpy, and 13.1 tpy, respectively.
5. Condition #19684, part 22: Amend heat input limit from 3,250,000 MM Btu/yr to 4,380,000 MM Btu/yr to reflect turbine usage hours of 8,760 hrs/yr.

All proposed permit revisions are clearly shown in ~~strikeout~~ and underline formatting in the proposed permit and are summarized in Section X of the proposed permit.

The District has made a preliminary decision to issue the Significant Revision to the Major Facility Review Permit, but the final decision on the permit issuance will consider public and EPA comments on this preliminary decision. The notice inviting written public comments will be published in the Daily Republic. The final date for comments is March 9, 2007.

Enclosed for your information is a copy of the proposed permit and the statement of basis. If you have any questions regarding this project, please call Barry Young, Air Quality Engineering Manager, at (415) 749-4721 or fax (415) 749-5030.

Very truly yours,

Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Enclosures:

JB:BFB:vch

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