



South Coast Air Quality Management District

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August 3, 2007

Office of the Secretary for Resources
Attn: General Counsel's Office
1416 9th Street, Suite 1311
Sacramento, CA 95814

To Whom It May Concern:

Enclosed please find two copies of the Notice of Decision (NOD) for the CEQA document prepared for Proposed Amended Rule (PAR) 1309.1 - Priority Reserve and Re-Adoption of Rule (PRR) 1315 – Federal New Source Review Tracking System. The Final Program Environmental Assessment (PEA) for PAR 1309.1 and PRR 1315 was prepared pursuant to CEQA and the South Coast Air Quality Management District's (SCAQMD) certified regulatory program. The CEQA document was certified by SCAQMD's Governing Board at its August 3, 2007, Public Hearing where PRR 1315 and portions of PAR 1309.1 were adopted at that time. Other portions of the program may be adopted in the future. Please record and post the NOD according to the provisions of CEQA.

SCAQMD Rule 110 requires that written responses to public comments on a SCAQMD CEQA document be filed with the Secretary of Resources along with the NOD. Eight comment letters were received on the Draft PEA for PAR 1309.1 and PRR 1315 and responses to public comments are included in Appendix E of the enclosed Final PEA.

It was determined that the proposed project qualifies for the "no effect" fee exemption in accordance with recently revised Department of Fish and Game Code §711.4, Title 14, California Code of Regulations (CCR) and, therefore, a copy of the signed Fish and Game "no effect" fee exemption form is attached to prove compliance and ensure immediate posting of the NOD.

Please confirm receipt of one copy of the NOD and return them to the undersigned. Two return envelopes have been provided for your convenience (one for the confirmed copy upon receipt, and one for the original NOD to be returned after the posting period). If you have any questions, please call me at (909) 396-3054 or Michael Krause at (909) 396-2706.

Sincerely,

Steve Smith, Ph.D.
CEQA Program Supervisor
Planning, Rule Development and Area Sources

Enclosures

NOTICE OF DECISION

To: Office of the Secretary for Resources
General Counsel's Office
1416 9th Street, Suite 1311
Sacramento, CA 95814

From: SCAQMD
Planning, Rules and Area Sources
21865 Copley Drive
Diamond Bar, CA 91765

Subject: FILING OF NOTICE OF DECISION IN COMPLIANCE WITH §21080.5 OF THE PUBLIC RESOURCES CODE

Project Title: Final Program Environmental Assessment: Proposed Amended Rule (PAR) 1309.1 - Priority Reserve and Re-Adoption of Rule (PRR) 1315 – Federal New Source Review Tracking System

Lead Agency: South Coast Air Quality Management District

SCAQMD Number: 070516MK **Date Certified:** August 3, 2007

Contact Person: Michael Krause **Telephone Number:** (909) 396-2706

Project Location: South Coast Air Quality Management District area of jurisdiction: South Coast Air Basin (all of Orange County and the nondesert portions of Los Angeles, Riverside, and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin and Mojave Desert Air Basin

Project Description: The program CEQA document considered the current and future proposed amendments to Rule 1309.1 and re-adoption of Rule 1315. Current amendments to Rule 1309.1 that were adopted include providing temporary access to the SCAQMD's Priority Reserve PM10, SOx and CO accounts for new in-district electric generating facilities (EGF) with applications deemed complete between 2005 and 2008 provided the operators pay the appropriate mitigation fee and meet all the other rule requirements. Further, EGF projects downwind to the district in non-attainment areas would be able to access SCAQMD's Priority Reserve VOC account. Rule 1315 formalizes SCAQMD's accounting methodology for its offset accounts and provides federal equivalency demonstration and reporting procedures. The potential direct adverse air quality impacts from the proposed amendments could exceed significance if the mitigation fees collected to fund emission reduction projects are unable to produce emission reductions in an amount equal to the amount of credits used by newly eligible projects. This potential shortfall of emission reductions is expected to exceed the SCAQMD's PM10, SOx and CO daily operational significance thresholds. The analysis also indicates that NOx emissions from re-adopting Rule 1315 could potentially exceed the daily operational significance threshold. Indirect impacts from siting, constructing and operating facilities accessing the Priority Reserve are also identified.

This is to advise that the South Coast Air Quality Management District has approved the above described project and has made the following determinations regarding the above described project:

1. A Final Program Environmental Assessment (PEA) for PAR 1309.1 and PRR 1315 was approved pursuant to the provision of CEQA and SCAQMD Rule 110.
2. The Final PEA concluded that the proposed project would have a significant impact on the environment.
3. Findings, a Statement of Overriding Considerations and Mitigation Monitoring Plan were adopted for this project pursuant to CEQA Guidelines §§15091, 15093 and 15097, respectively.

The Final PEA, supporting documentation, and record of project approval may be examined at: SCAQMD, 21865 Copley Drive, Diamond Bar, CA 91765.

Date Received for Filing

Signature: _____
Steve Smith, Ph.D.
Program Supervisor, CEQA
Planning, Rule Development, and Area Sources