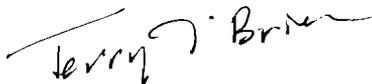


Date: November 15, 2010

To: Melissa Jones, Executive Director



From: **California Energy Commission** - Terry O'Brien, Deputy Director  
1516 Ninth Street  
Sacramento, CA 95814-5512  
Siting, Transmission & Environmental Protection Division

**Subject: ITEM FOR THE DECEMBER 1, 2010 BUSINESS MEETING – BLYTHE II PETITION TO EXTEND COMMENCEMENT OF CONSTRUCTION DATE FROM DECEMBER 14, 2010 TO DECEMBER 14, 2011.**

### **PROJECT BACKGROUND**

The 520 megawatt Blythe Energy Project Phase II (BEP II) was certified by the California Energy Commission in December 2005. The facility has not been constructed and currently has an amendment in process (submitted in October 2009), that proposes to revise the point of interconnection, update the permitted turbines and incorporates fast-start technology. The BEP II site is located on an approximately 76-acre site immediately adjacent to the operational Blythe Energy Project (BEP I) within the City of Blythe, approximately five miles west of the center of the city.

### **ISSUE**

The applicant (Caithness, LLC) submitted a petition to extend the construction start date of the BEP II after staff informed the Caithness representative that analysis of their October 2009 petition to amend could not be completed prior to the expiration of their license. The applicant is requesting a one year license extension from December 14, 2010 to December 14, 2011 to allow staff time to complete their analysis of the October 2009 petition to amend and make a final recommendation to the Energy Commission. The applicant submitted the petition to extend on October 29, 2010 and staff needed to post their analysis by November 1, 2010 to schedule the item for the December 1, 2010 Business Meeting. Staff had one day to review and post their analysis and initially recommended approval of the petition to extend due to the time and effort staff has spent on the analysis of the October 2009 petition.

In order for the construction start date to be extended, the Energy Commission must make a determination of good cause under Section 1720.3 of the Energy Commission's Siting Regulations. To assist in this determination, staff requested information from the applicant with regard to their activities to date for the BEP II project. This information is provided in the following section.

### **STAFF ANALYSIS/SUMMARY OF APPLICANT EFFORTS TO DATE**

- Since the approval of the original AFC, the applicant indicates that they have been working with the California Independent System Operator (CAISO), Southern California Edison (SCE), and other stakeholders to interconnect the BEP II to the electrical grid.
- Caithness filed an interconnection request for the BEP II with SCE and the CAISO on March 17, 2003.
- SCE completed a System Impact Study (SIS) on March 16, 2006 and a Facilities Study on February 2, 2007. The Facilities Study was later approved by the CAISO on February 9, 2007. Shortly thereafter, CAISO declared the BEP II one hundred (100) percent deliverable for purposes of resource adequacy with no system upgrade costs assigned to the project.
- The applicant has indicated that they have spent considerable time and money to complete a Large Generator Interconnection Agreement (LGIA) and revise the interconnection and network upgrades. Although the LGIA was issued in January 25, 2010, it has not been fully executed and transmission staff is waiting for additional information regarding this agreement.
- The BEP II is currently in the queue at CAISO.
- On May 7, 2007, Caithness filed an expansion request for the BEP II with SCE and the CAISO for the additional capacity contemplated as a result of the modified turbine technology and the increased output is currently in the CAISO queue. In addition, CAISO and SCE performed a Feasibility Study on the current expansion request and have waived the SIS and the Facilities Study.
- Since the Blythe II certification, Caithness has tried to obtain a Power Purchase Agreement to secure financing for construction, although they have not been able to secure any such agreements to date. Caithness has plans to continue pursuing a Power Purchase Agreement.
- Staff has been working with the applicant to analyze the October 2009 petition to amend in light of other division priorities. Staff is awaiting additional information to complete our analysis for Air Quality and Transmission. Additionally, since the approval of the recent Blythe Solar Power Project, the Traffic and Transportation analysis needs to be re-examined in regard to the Blythe Airport operations and air traffic patterns.

### **PUBLIC REVIEW**

A Notice of Receipt was docketed, posted on the Energy Commission website, and mailed to the post-certification mailing list on October 29, 2010. The staff analysis was docketed, posted on the Energy Commission website, and mailed to interested parties on November 1, 2010. To date, we have received one request for staff's analysis and no comments have been received.

### **STAFF FINDINGS**

- The petition meets all the filing criteria of Title 20, section 1769 concerning a request for an extension of the deadline for start of construction;
- The proposed extension would not change the findings in the Energy Commission's Final Decision pursuant to Title 20, section 1755;
- The project would remain in compliance with all applicable LORS, subject to the provisions of Public Resources Code section 25525;

### **RECOMMENDATIONS**

Due to the short time-frame that staff had to assess the current extension, staff had initially recommended approval. However, staff's position has changed to neutral regarding the start of construction date extension from December 14, 2010 to December 14, 2011. At the business meeting staff expects the Commission to determine whether or not the applicant has shown good cause under Section 1720.3 of the Energy Commission's Siting Regulations.

### **COMPLIANCE PROJECT MANAGER**

The Compliance Project Manager is Mary Dyas, (916) 651-8891.

### **BUSINESS MEETING PARTICIPANTS**

Christina Snow, Compliance Unit  
Mary Dyas, Compliance Project Manager  
Kevin W. Bell, Compliance Staff Counsel  
Mark Hesters, Senior Transmission Planner  
Gerry Bemis, Air Quality Unit Supervisor

Attachment(s): Staff Analysis  
Draft Order