

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov



DATE: February 6, 2015

TO: Interested Parties

FROM: Jonathan Fong, Compliance Project Manager

**SUBJECT: Canyon Power Plant (07-AFC-09C)
Staff Analysis of Amendment Proposal(s)**

On September 29, 2014, the Southern California Public Power Authority (SCPPA) filed a petition with the California Energy Commission (Energy Commission) requesting to modify the Final Decision for the Canyon Power Plant (CPP). Staff prepared an analysis of this proposed change that can be reviewed on the Energy Commission website for this facility (see below).

The CPP, a simple-cycle, natural gas-fired 200-megawatt facility, was certified by the Energy Commission in its Decision on March 17, 2010, and began commercial operation on September 15, 2011. The facility is located in the city of Anaheim, in Orange County, California.

Energy Commission staff (staff) reviewed the petition and assessed the impacts of this proposal on environmental quality and on public health and safety. In the Staff Analysis, Energy Commission staff recommends the modification of Air Quality Conditions of Certification, **AQ-SC7, AQ-1, AQ-2, AQ-4, AQ-10, AQ-11, AQ-12, AQ-14, AQ-16, AQ-17, AQ-20, AQ-22, AQ-23, AQ-24, AQ-26, and AQ-31**. Energy Commission staff is also proposing to delete Air Quality Conditions of Certification **AQ-3, AQ-8, and AQ-15** because the requirements are no longer applicable to CPP. Energy Commission staff is proposing to add Air Quality Conditions of Certification **AQ-32, AQ-33 and AQ-34**. It is staff's opinion that, with the implementation of these new and/or revised conditions, the facility would remain in compliance with applicable laws, ordinances, regulations, and standards, and the proposed changes to conditions of certification would not result in any significant, adverse, direct, indirect, or cumulative impacts to the environment (20 Cal. Code of Regs., § 1769). Energy Commission staff intends to recommend approval of the petition at the March 11, Business Meeting of the Energy Commission.

The Energy Commission's webpage for this facility, <http://www.energy.ca.gov/sitingcases/canyon/>, has a link to the petition and the Staff Analysis on the right side of the webpage in the box labeled "Compliance Proceeding." Click on the "Documents for this Proceeding (Docket Log)" option. After the Final Decision, the Energy Commission's Order regarding this petition will also be available from the same webpage.

To: Interested Parties for the Canyon Power Plant Project

Date: February 6, 2015

Page 2

This notice has been mailed to the Commission's list of interested parties and property owners adjacent to the facility site. It has also been e-mailed to the facility listserv. The listserv is an automated Energy Commission e-mail system by which information about this facility is e-mailed to parties who have subscribed. To subscribe, go to the Commission's webpage for this facility, cited above, scroll down the right side of the project webpage to the box labeled "Subscribe," and provide the requested contact information.

Any person may comment on the Staff Analysis. Those who wish to comment on the analysis are asked to submit their comments within 30 days of the date of this notice/by 5:00 p.m., March 9, 2015. To use the Energy Commission's electronic commenting feature, go to the Energy Commission's webpage for this facility, cited above, click on the "Submit e-Comment" link, and follow the instructions in the on-line form. Be sure to include the facility name in your comments. Once submitted, the Energy Commission Dockets Unit reviews and approves your comments, and you will receive an e-mail with a link to them.

Written comments may also be mailed or hand-delivered to:

California Energy Commission
Dockets Unit, MS-4
Docket No. 07-AFC-09C
1516 Ninth Street
Sacramento, CA 95814-5512

All comments and materials filed with and approved by the Dockets Unit will be added to the facility Docket Log and become publically accessible on the Energy Commission's webpage for the facility.

If you have questions about this notice, please contact Jonathan Fong, Compliance Project Manager, at (916) 654-5005, or by fax to (916) 654-3882, or via e-mail to Jonathan.Fong@energy.ca.gov.

For information on participating in the Energy Commission's review of the petition, please call the Public Adviser at (800) 822-6228 (toll-free in California) or send your e-mail to publicadviser@energy.ca.gov. News media inquiries should be directed to the Energy Commission Media Office at (916) 654-4989, or by e-mail to mediaoffice@energy.ca.gov.

Mail List 7275
Canyon Listserv

CANYON POWER PLANT (07-AFC-09C)
Petition to Modify the Final Decision
EXECUTIVE SUMMARY
Prepared by Jonathan Fong

INTRODUCTION

On September 29, 2014, the Southern California Public Power Authority (SCPPA), filed a petition with the California Energy Commission (Energy Commission) requesting to amend certain Air Quality conditions of certification in the Final Decision for the Canyon Power Plant (CPP). The CPP is a 200-megawatt (MW), simple, natural-gas generating facility, located in the city of Anaheim, in Orange County, California. The project was certified by the Energy Commission March 17, 2010, and began commercial operation on September 15, 2011.

The purpose of the Energy Commission's review process is to assess any impacts the proposed modifications would have on environmental quality and on public health and safety. The process includes an evaluation of the consistency of the proposed changes with the Energy Commission's Final Decision and an assessment of whether the project, as modified, would remain in compliance with applicable laws, ordinances, regulations, and standards (20 Cal. Code Regs., § 1769).

This Staff Analysis contains staff's analysis of the affected technical area of Air Quality.

DESCRIPTION OF PROPOSED MODIFICATIONS

Energy Commission staff (staff) reviewed the petition and assessed the impacts of this proposal on environmental quality and on public health and safety. In the Staff Analysis, Energy Commission staff recommends the modification of Air Quality Conditions of Certification, **AQ-SC7, AQ-1, AQ-2, AQ-4, AQ-10, AQ-11, AQ-12, AQ-14, AQ-16, AQ-17, AQ-20, AQ-22, AQ-23, AQ-24, AQ-26, and AQ-31**. Energy Commission staff is also proposing to delete Air Quality Conditions of Certification **AQ-3, AQ-8, and AQ-15** because the requirements are no longer applicable to CPP. Energy Commission staff is proposing to add Air Quality Conditions of Certification **AQ-32, AQ-33 and AQ-34**. It is staff's opinion that, with the implementation of these new and/or revised conditions, the facility would remain in compliance with applicable laws, ordinances, regulations, and standards, and the proposed changes to conditions of certification would not result in any significant, adverse, direct, indirect, or cumulative impacts to the environment (20 Cal. Code of Regs., § 1769). Energy Commission staff intends to recommend approval of the petition at the March 11, Business Meeting of the Energy Commission.

NECESSITY FOR THE PROPOSED MODIFICATIONS

The CPP is requesting modifications to certain Air Quality conditions of certification to operate in compliance with their revised South Coast Air Quality Management District (SCAQMD) permits to operate. The modifications are necessary for the CPP to meet qualifying criteria of the new Flexible Resource Adequacy Criteria and Must Offer Obligation (FRAC-MOO) initiative established by the California Independent Service Operator (CAISO). The FRAC-MOO initiative was developed by CAISO to ensure there is sufficient flexible capacity in order to respond to the variability and uncertainty of renewable energy resources. Effective on January 1, 2015, the initiative requires qualifying base ramping resources to be capable of starting two times per day and operating at a minimum of six hours per day. In order for the CPP to qualify as a base ramping resource, the Air Quality Conditions of Certification need to be amended to be able to operate according to these new criteria.

Without the amendment, CPP could at some point disqualify as flexible resource adequacy capacity resulting in COA needing to secure power from other resources or pay CAISO a penalty for not providing resource adequacy capacity.

STAFF'S ASSESSMENT OF THE PROPOSED PROJECT CHANGES

The technical area sections contained in this Staff Analysis include staff-recommended changes to the existing Air Quality conditions of certification. Energy Commission technical staff reviewed the petition for potential environmental effects and consistency with applicable Laws, Ordinances, Regulations and Standards (LORS). Staff has determined that the technical or environmental areas of Biological Resources, Cultural Resources, Facility Design, Geological Hazards and Resources, Hazardous Materials Management, Industrial Safety and Fire Protection, Land Use, Noise and Vibration, Paleontological Resources, Public Health, Socioeconomics, Soil and Water, Traffic and Transportation, Transmission Line Safety and Nuisance, Transmission System Engineering, Visual Resources, Waste Management are not affected by the proposed changes, and no revisions or new conditions of certification are needed to ensure the project remains in compliance with all applicable LORS for these areas. A summary of the technical areas responses to the potential impacts of the proposed modification are included in Table 1 below.

Staff determined, however, that the technical areas of Air Quality would be affected by the proposed project changes and has proposed modifications to Air Quality Conditions of Certification **AQ-SC7, AQ-1, AQ-2, AQ-4, AQ-10, AQ-11, AQ-12, AQ-14, AQ-16, AQ-17, AQ-20, AQ-22, AQ-23, AQ-24, AQ-26, and AQ-31**. Energy Commission staff is also proposing to delete Air Quality Conditions of Certification **AQ-3, AQ-8, and AQ-15** because the requirements are no longer applicable to CPP. Energy Commission staff is proposing to add Air Quality Conditions of Certification **AQ-32, AQ-33 and AQ-34**. in order to assure compliance with LORS and to reduce potential environmental impacts to a less than significant level. An analysis of the potential impacts of the proposed modifications is included in the Air Quality Staff Analysis section below.

**Executive Summary Table 1
Summary of Impacts for Each Technical Area**

TECHNICAL AREAS REVIEWED	STAFF RESPONSE			Revised Conditions of Certification Recommended
	Technical Area Not Affected	No Significant Environmental Impact*	Process As Amendment	
Air Quality			X	X
Biological Resources	X			
Cultural Resources	X			
Efficiency	X			
Facility Design	X			
Geological & Paleontological Resources	X			
Hazardous Materials Management	X			
Land Use	X			
Noise & Vibration		X		
Paleontological Resources	X			
Public Health		X		
Socioeconomics	X			
Soil & Water Resources	X			
Traffic & Transportation	X			
Transmission Line Safety & Nuisance	X			
Transmission System Engineering	X			
Visual Resources	X			
Waste Management	X			
Worker Safety & Fire Protection	X			

*There is no possibility that the proposed modifications may have a significant effect on the environment, and the modifications will not result in a change in or deletion of a condition adopted by the Commission in the Final Decision, or make changes that would cause project noncompliance with any applicable laws, ordinances, regulations, or standards (20 Cal. Code Regs., § 1769 (a)(2)).

ENVIRONMENTAL JUSTICE

Environmental justice communities are commonly identified as those where residents are predominantly minorities or low-income; where residents have been excluded from the environmental policy setting or decision-making process; where they are subject to

a disproportionate impact from one or more environmental hazards; and where residents experience disparate implementation of environmental regulations, requirements, practices, and activities in their communities. Environmental justice efforts attempt to address the inequities of environmental protection in these communities.

An environmental justice analysis is composed of three parts:

1. identification of areas potentially affected by various emissions or impacts from a proposed project;
2. a determination of whether there is a significant population of minority persons or persons below the poverty level living in an area potentially affected by the proposed project; and
3. a determination of whether there may be a significant adverse impact on a population of minority persons or persons below the poverty level caused by the proposed project alone, or in combination with other existing and/or planned projects in the area.

CALIFORNIA RESOURCES AGENCY

California law defines environmental justice as “the fair treatment of people of all races, cultures and income with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies” (Gov. Code §65040.12; Pub. Resources Code, §72000). All departments, boards, commissions, conservancies and special programs of the Resources Agency must consider environmental justice in their decision-making process if their actions have an impact on the environment, environmental laws, or policies. Such actions that require environmental justice consideration may include:

- adopting regulations;
- enforcing environmental laws or regulations;
- making discretionary decisions or taking actions that affect the environment;
- providing funding for activities affecting the environment; and
- interacting with the public on environmental issues.

DEMOGRAPHIC SCREENING ANALYSIS

As part of its CEQA analysis for the Petition to Amend the Canyon Power Plant Decision, Energy Commission staff used demographic screening to determine whether a low-income and/or minority population exists within the potentially affected area of the Canyon Power Plant project site¹. The demographic screening is based on information contained in two documents: Environmental Justice: Guidance Under the National Environmental Policy Act (CEQ, December, 1997) and Guidance for Incorporating

¹ Demographic screening data is presented in the end of this section.

Environmental Justice Concerns in EPA’s Compliance Analyses (U.S. EPA, April, 1998), which provides staff with information on outreach and public involvement. The Council on Environmental Quality document defines minority individuals as members of the following groups: American Indian or Alaskan Native; Asian or Pacific Islander; Black, not of Hispanic origin; or Hispanic.

Based on the 2010 Census data presented in **Executive Summary Figure 1**, the total population within the six-mile buffer of the project site was 653,217 persons with a minority population of 403,157 persons, or 61.7 percent of the total population. As the minority population is greater than fifty percent, this population constitutes an environmental justice population as defined by Environmental Justice: Guidance Under the National Environmental Policy Act, and would trigger further scrutiny for purposes of an environmental justice analysis. Staff’s demographic screening also identifies the presence of below-poverty-level populations within a six-mile buffer of the proposed project site. The Council on Environmental Quality and U.S. Environmental Protection Agency guidance documents identifies a fifty percent threshold to determine whether minority populations are considered environmental justice populations, but does not provide a discrete threshold for below-poverty-level populations. Using census data staff compares the below-poverty-level populations in the six-mile buffer to other appropriate reference geographies. Approximately 14.1 percent of the population or 230,135 people within the six-mile buffer live below the federal poverty level, which is comparable to the below-poverty-level population in the comparison geographies closer to the project site. When staff from the thirteen affected technical areas² have identified the PTA would have an effect in their technical area, the staff then considered the potential for disproportionate impacts on the environmental justice population.

PROJECT DEMOGRAPHIC SCREENING DATA

Table 1
Minority Populations within the Project Area Plus Orange County

	Six-Mile Buffer of Project Site	Anaheim city	Anaheim-Santa Ana-Garden Grove CCD*	Orange County
Total	653,217	336,265	1,648,519	3,010,232
Not Hispanic or Latino: White alone	250,060	92,362	506,898	1,328,499
Minority	403,157	243,903	1,141,621	1,681,733
Percent Minority	61.72%	72.53%	69.25%	55.87%

² The thirteen technical staff/areas are Air Quality, Hazardous Materials Management, Land Use, Noise and Vibration, Public Health, Socioeconomics, Soil and Water Resources, Water Supply, Traffic and Transportation, Transmission Line Safety and Nuisance, Visual Resources, Cultural Resources, and Waste Management.

**Table 2
Poverty Data within the Project Area Plus Orange County**

Area	Total			Income in the past 12 months below poverty level			Percent below poverty level		
	Estimate*	MOE	CV (%)	Estimate	MOE	CV (%)	Estimate	MOE	CV (%)
Census County Division Used to Determine Poverty Status- Anaheim-Santa Ana-Garden Grove CCD	1,631,361	±2,125	0.08	230,135	±6,350	1.68	14.10%	±0.40	1.73
Comparison Geographies									
Anaheim city	334,353	±456	0.08	52,087	±3,075	3.59	15.60%	±0.90	3.51
Orange County	2,985,156	±1,694	0.03	349,220	±7,939	1.38	11.70%	±0.30	1.56
California	36,575,460	±3,416	0.01	5,590,100	±38,396	0.42	15.30	±0.10	0.40

Note: * Population for whom poverty status is determined. **Source:** US Census Bureau 2012.

STAFF RECOMMENDATIONS AND CONCLUSIONS

Staff concludes that the following required findings, mandated by Title 20, California Code of Regulations, section 1769 (a)(3), can be made, and staff recommends approval of the petition by the Energy Commission:

- The proposed modification(s) would not change the findings in the Energy Commission’s Decision pursuant to Title 20, California Code of Regulations, section 1755;
- There would be no new or additional unmitigated, significant environmental impacts associated with the proposed modification(s);
- The facility would remain in compliance with all applicable laws, ordinances, regulations, and standards;
- The proposed modification(s) would be beneficial to the public, and/or the applicant, because the proposed modifications would allow the CPP to continue to satisfy the city of Anaheim’s resource adequacy obligation as a load serving entity with CAISO.
- The proposed modification(s) are justified because there has been a substantial change in circumstances since the Energy Commission certification, in that the CAISO has adopted new criteria as part of their Flexible Resource Adequacy Criteria and Must Offer Obligation (FRAC-MOO) initiative. The initiative requires qualifying base ramping resources to be capable of starting two times per day and operating at a minimum of six hours per day.

REFERENCES

- CEQ 1997 – Council on Environmental Quality. *Environmental Justice: Guidance Under the National Environmental Policy Act*. December 10, 1997, <http://www.epa.gov/compliance/ej/resources/policy/ej_guidance_nepa_ceq1297.pdf>.
- US Census Bureau 2010 – United States Census Bureau. P2: Hispanic or Latino, and Not Hispanic or Latino by Race, Universe: Total population, 2010 Census Redistricting Data (Public Law 94-171) Summary File. <<http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>>.
- US Census Bureau 2012 – US Census S1701 Poverty Status in the Past 12 Months 2008-2012 American Community Survey 5-Year Estimates, <<http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>>.
- US EPA 1998 – United States Environmental Protection Agency, *Final Guidance for Incorporating Environmental Justice Concerns in EPA's NEPA Compliance Analyses*. April 1998. <http://www.epa.gov/compliance/ej/resources/policy/ej_guidance_nepa_epa0498.pdf>.

EXECUTIVE SUMMARY - FIGURE 1

Canyon Power Plant - Census 2010 Minority Population by Census Block - Six Mile Buffer

