

Memorandum

Date: November 3, 2004
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To: John L. Geesman, Presiding Member
William J Keese, Associate Member

From: California Energy Commission
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Subject: **BLYTHE ENERGY TRANSMISSION LINE ISSUES IDENTIFICATION
REPORT (99-AFC-8C)**

Attached is the Energy Commission staff's Issue Identification Report. This report serves as a preliminary scoping document of the major project issues that have been identified to date. Energy Commission staff will discuss the issues in this report at the Informational Hearing and Site Visit scheduled for November 10, 2004 at the Blythe City Council Chambers, Blythe California.

Part of this report addresses scheduling issues. Staff recommends that the review of the amendment petition take place pursuant to a 7-month schedule. Our original intent was to recommend a 6-month schedule but based on the issues identified to date we have adjusted the schedule to allow additional time. We have provided a draft schedule showing critical event dates on page 8 of the attached document. Meeting the proposed schedule will require resolving issues expeditiously and working closely and efficiently with the Western Area Power Administration (Western) and Bureau of Land Management (BLM) as co-lead federal agencies.

cc: Proof of Service List

ISSUE IDENTIFICATION REPORT

BLYTHE ENERGY TRANSMISSION LINE AMENDMENT PETITION (99-AFC-8C)

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ISSUE IDENTIFICATION REPORT
BLYTHE ENERGY TRANSMISSION LINE AMENDMENT
(99-AFC-8C)

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ISSUE IDENTIFICATION REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified thus far. Issues have been identified as a result of discussions with federal, state, and local agencies, including Western and BLM and our combined review of the Blythe Energy Transmission Line Amendment Petition, Docket Number 99-AFC-8C. This Issue Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of potential issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On October 12, 2004, the California Energy Commission received a petition from Blythe Energy, LLC, (BEP) to modify the Blythe Energy Power Plant project. Blythe Energy is a 520-megawatt (MW) natural gas fired electric-generating facility located in the city of Blythe, Riverside County. The power plant project was certified on March 21, 2001 and began commercial operation on December 29, 2003. The petition requests approval to construct and operate two new transmission lines and a substation in order to transmit the full electrical generating capacity from the existing Blythe Energy power plant.

There are two distinct components to the proposed Blythe Energy Project transmission line petition. The proposed modifications would be located entirely in Riverside County.

1) Buck to Julian Hinds Transmission Line Component:

- Upgrades to Buck Substation.
- Installation of approximately 67.4 miles of new 230 kV transmission line between the Buck Substation (located adjacent to the BEP) and the Julian Hinds Substation.
- The proposed transmission line route would generally follow Southern California Edison's (SCE's) existing 500 kV Devers-Palo Verde transmission line.
- Transmission line structures would be concrete, single-pole structures.
- Upgrades to the Julian Hinds Substation.

2) Buck to Devers-Palo Verde Transmission Line Component:

- Upgrades to Buck Substation.
- Installation of approximately 6.7 miles of a new 230 kV transmission line (initially operated at 161 kV) between the Buck Substation and SCE's existing Devers-Palo Verde 500 kV transmission line.
- Transmission line structures would be concrete single-pole structures.

- Construction of a new 161 kV to 500 kV substation (“Midpoint Substation”) at the point of interconnection with SCE’s existing Devers-Palo Verde 500 kV transmission line.

AMENDMENT PETITION PROCESS

Staff is conducting a review of the Blythe Energy Amendment Petition for a Transmission Line. The review will include an analysis of potential impacts on the environment, public safety and the transmission system, as well as a review of all applicable laws, ordinances, regulations and standards. The review will also include a thorough assessment of all new components of the proposed project and whether additional Conditions of Certification will be required. Additionally, staff is reviewing the consistency of the proposed project with the existing Commission Decision. Staff will produce a draft Staff Assessment/Environmental Assessment and a Final Staff Assessment/Environmental Assessment (SA/EA) for this amendment petition jointly with Western Area Power Administration (Western) and Bureau of Land Management (BLM). The federal agencies will use the Final SA/EA as the basis for their proposed environmental determinations under National Environmental Policy Act (NEPA) and the Commission Decision as the basis for their final determinations.

WESTERN AND BLM PARTICIPATION

Staff, Western and BLM met with the applicant on October 20, 2004 to discuss scheduling issues and agency responsibilities. BLM and Western are developing a Memorandum of Understanding (MOU) that identifies each agency’s roles and responsibilities in the Commission SA/EA review process. Without this MOU, BLM would conduct its own review and produce a federal Environmental Impact Statement (EIS). To date, BLM and Western continue to finalize the MOU. This issue may be of interest to the Committee for discussion at the Information/Scoping meeting planned for November 10, 2004 in Blythe.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff, Western, and BLM have identified to date. This report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report was based on our judgement of whether any of the following circumstances will occur:

- Significant impacts may result from the project which may be difficult to mitigate;
- The project as proposed may not comply with applicable laws, ordinances, regulations or standards (LORS);
- Conflicts may arise between the parties about the appropriate findings or conditions of certification for the Commission decision that could result in a delay to the schedule, and;

The following table lists all the subject areas evaluated and notes those areas where critical or significant issues have been identified in this Issues Identification Report and if Data Requests have been made. Even though an area is identified as having no significant issues, it does not mean that an issue will not arise related to the subject area. For example, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. Staff currently believes such issues will have an impact on the schedule.

Issue Report	Data Req.	Technical Subject Area	Issue Report	Data Req.	Technical Subject Area
Yes	Yes	Alternatives	No	Yes	Socioeconomics
No	No	Air Quality	Yes	Yes	Soils and Water
Yes	Yes	Biological Resources	No	Yes	Traffic & Transportation
No	Yes	Cultural Resources	No	No	Transmission Safety
No	Yes	Geo/Paleo Resources	Yes	Yes	Transmission Sys. Eng.
No	No	Hazardous Material	No	Yes	Visual Resources
No	Yes	Land Use	No	Yes	Waste Management
No	No	Noise	No	Yes	Worker Safety/Fire Protection

ALTERNATIVES

The project requires construction of a major new transmission line, including over 60 miles within an existing corridor occupied by a Southern California Edison 500 kV transmission line. Two other transmission lines are currently being considered for installation in this same corridor: the Desert Southwest Transmission Line and the SCE Devers-Palo Verde No. 2 500 kV Transmission Line. Blythe Energy has rejected these projects as potential alternatives to its new line based on uncertainty including timing and resolution of potential issues. Construction of all three lines could create cumulative environmental impacts, with respect to visual, biological, and cultural resources. Additional information regarding the viability of consolidating these projects to reduce possible cumulative impacts in the corridor has been requested.

Based on the requirements of NEPA and the California Environment Quality Act (CEQA) regarding the analysis of the environmental impacts of alternatives to a proposed project, Blythe Energy has been requested to submit additional information on project alternatives describing the impacts at a level of review that meets those requirements.

BIOLOGICAL RESOURCES

It is staff's understand that the Biological Assessment (BA) has not been completed. It is important that this document be completed and submitted to the United States Fish and Wildlife Service (USFWS) so that the BA can be reviewed for adequacy. An

accepted BA is necessary for staff, Western, BLM and USFWS to complete their respective analyses. Staff has filed a data request asking for a schedule for its submittal and acceptance by Western, BLM and the USFWS.

Another potential issue is the lack of desert tortoise protocol-level surveys. The applicant is depending on surveys that are over two years old; these surveys were not done following USFWS protocols. The USFWS may decide that protocol-level surveys are needed for the project. Protocol-level surveys must include specific transects and be conducted from March 25 to May 31 in any given year. This issue will be resolved during the review of the BA by USFWS.

SOIL AND WATER RESOURCES

The proposed project site is located entirely within the Mojave Desert, where mountainous areas typically have steep slopes and shallow soils, with the washes (drainages), streambeds and floodplains subject to high flows, flash floods, and significant erosion during intense rainfall events. Furthermore, there are several sensitive environmental areas traversed by the transmission line project(s).

A draft Drainage, Erosion and Sediment Control Plan (DESCP) is needed by Energy Commission staff to evaluate both construction and operational activities at the substation sites and all facilities associated with the transmission line project components. The purpose of the draft plan is to provide staff with a document of sufficient detail that clearly identifies all potential impacts and mitigation measures, ensures only the minimum area necessary is disturbed, protects and/or remediates disturbed and sensitive areas, retains and controls sediment on-site, and minimizes off-site effects of water and wind erosion. The DESCPC will be required by staff and potentially other responsible agencies to complete the evaluation of this component of the proposed project. The draft DESCPC will be provided to Western, BLM, other responsible agencies, and interested parties for review and comment as appropriate. We do not have a schedule or indication if a plan has been filed with the Regional Water Quality Control Board (RWCB) or indication if a schedule has been developed. Staff has submitted data requests to address this issue.

TRANSMISSION SYSTEM ENGINEERING

A complete System Impact Study has not been provided. Staff needs a complete System Impact Study to analyze the reliability impacts, and to be confident of adequacy of the proposed new transmission line modifications and any other new/or modified downstream facilities necessary to support delivery of 520 MW generation output of the Blythe Energy Project to the California Independent System Operator (Cal-ISO) controlled grid.

- The required Interconnection Study has not been provided by Western for the modifications to Western's Buck Boulevard Substation and termination of two transmission lines. This study is needed to identify any system impact concerns on

Western's facility and the feasibility of terminating the Buck Boulevard–Julian Hinds transmission line and the Buck Boulevard–Devers Palo-Verde interconnection. Due to the joint NEPA/CEQA analysis staff is conducting with Western and BLM, this System Impact Study is required to meet the aggressive process timelines. Staff is coordinating with the applicant and Western to determine when the study will be complete and data requests have been issued.

- Staff received the Southern California Edison Interconnection System Impact Study (SIS) reports dated July 19 and September 15, 2004; these studies were conducted by Southern California Edison (SCE) at applicant's request. Staff has coordinated data requests with the California Independent System Operator (Cal-ISO) and concludes that the subject studies must be amended; those data requests have been issued. Staff will coordinate with the applicant, SCE, and the Cal-ISO to determine when amended studies will be available. At this time, staff is estimating that it may take 60 days or more. Receipt of the studies and subsequent review by the Cal-ISO and staff must occur before the Cal-ISO can issue a "preliminary approval"¹ to interconnect and for staff to conduct an independent analysis. Staff is concerned that the estimated timeline for the studies will jeopardize the process schedule but no firm estimate can be determined at this time.

SCHEDULING ISSUES

The following table is staff's proposed 7-month schedule of key events. Meeting the proposed schedule will require; resolving issues expeditiously, working closely and efficiently with the Western Area Power Administration and the Bureau of Land Management as co-lead federal agencies and the applicant's timely response to staff's information requests.

¹ The Cal-ISO's preliminary approval describes the impacts and feasible mitigation measures that are required to interconnect to the Cal-ISO grid. Cal-ISO preliminary approval is required for a complete Staff Assessment document.

Blythe Energy Transmission Line Major Amendment Schedule

Activity	Day	Date
Petition filed by project owner	0	Oct 12, 04
Committee assigned to oversee petition process	08	Oct 20, 04
Staff files data requests	20	Nov 01, 04
Staff files Issue Identification Report and scope of analysis	22	Nov 03, 04
Committee holds information-scoping hearing and site visit	29	Nov 10, 04
Staff data request and issue workshop	34	Nov 15, 04
Project owner provides data responses	49	Nov 30, 04
Staff data response and issue resolution workshop	63	Dec 14, 04
Local, state, and federal agency determinations/comments	63	Dec 14, 04
Draft Staff Assessment/EA filed	87	Jan 07, 05
Draft Staff Assessment/EA workshop	97	Jan 17, 05
Agency comment on Draft Assessment/EA	101	Jan 21, 05
Final Staff Assessment/EA filed	139	Feb 28, 05
Evidentiary hearings	154	Mar 15, 05
Committee files proposed decision	178	Apr 08, 05
Committee conference on the proposed decision	192	Apr 22, 05
Close of public comments on the proposed decision	199	Apr 29, 05
Commission decision	211	May 11, 05