



DOCKET

07-AFC-6

DATE MAR 13 2009

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March 13, 2009

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VIA HAND DELIVERY

The Honorable James D. Boyd
The Honorable Karen Douglas
Siting Project Committee
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

**Re: Carlsbad Energy Center Project (07-AFC-6)
Applicant's Status Report (March 2009)**

Dear Commissioners:

The Committee's December 26, 2008 Revised Scheduling Order requires all parties to submit Status Reports on January 30, 2009 and "every six weeks thereafter until [the Final Staff Assessment has been] filed." To that end, Carlsbad Energy Center LLC ("Applicant") submits this Status Report for the Carlsbad Energy Center Project ("CECP").

STATUS SUMMARY

The Preliminary Staff Assessment ("PSA") was published on December 11, 2008 and the PSA Workshop was held on January 7-8, 2009 in Carlsbad, California. Applicant believes that CEC Staff is on schedule to issue a Final Staff Assessment ("FSA") by mid-April and Staff has agreed to accommodate the Carlsbad community by planning for a workshop after publication of the FSA. Applicant remains committed to completing the permitting process and seeing CECP built to serve the region and, therefore, urges the Committee to continue to press CECP forward as rapidly as is possible.

RECENT ACTIVITIES

Since the submission of the last Status Report on January 30, 2009, concurrently with the filing therewith, Applicant submitted comments to CEC Staff on the PSA. In addition, the Committee issued its ruling on the City of Carlsbad's Motion for Revised PSA, denying the City's request.



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Data Responses

On January 22, 2009, CEC Staff issued Air Quality Data Requests, Set 4, which requested supplemental information intended to harmonize the San Diego County Air Pollution Control District's Preliminary Determination of Compliance ("PDOC") with the upcoming FSA. Applicant timely submitted responses to the Data Requests on February 19, 2009 and believes any outstanding air quality issues have been resolved.

Community Outreach

Applicant continues to be actively involved in the community and work closely with various local and regional groups to educate them about the benefits of CECP. Recently, as a result of Applicant's efforts, the San Diego Regional Chamber voted in support of CECP.

CURRENT ISSUES AND ACTIVITIES

According to the current Committee Scheduling Order, the FSA is expected to be published by the end of March 2009. Applicant looks forward to timely publication of the FSA and will work with Staff to resolve any outstanding issues related to the FSA to ensure its publication in accordance with the timeline provided in the Scheduling Order. At this juncture, Applicant believes the Fire Risk Assessment and the Final Determination of Compliance ("FDOC") are the only two remaining outstanding items required for Staff to issue the FSA.

Fire Risk Assessment

Pursuant to the request of Dr. Alvin Greenberg, CEC Staff, Applicant has been diligently working on completing a Fire Risk Assessment for CECP. As requested, Applicant's quantitative and qualitative risk analysis evaluates the potential impacts to CECP and corresponding impacts to the public from a major regional event, such as a seismic event that may result in impacts in CECP operations and/or restrict access of emergency services to CECP due to damage to or blockage of city streets and roads and to Interstate-5 ("I-5"). Applicant anticipates docketing the Fire Risk Assessment with the CEC on or about March 24, 2009. In conducting the assessment, Applicant again determined CECP will not have a significant impact, cumulative or otherwise, upon the Carlsbad Fire Department's ("CFD") ability to respond in a fire or emergency issue. In fact, CECP probably lessens existing risk and response requirements. The quantitative analysis considers concerns related to access to CECP in the event that CFD cannot access areas west of I-5 from the east of I-5 due to damage to or blockage of City streets



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and roads and/or to I-5. The analysis also considers the reduction of hazardous materials associated with CECP, namely the removal of oil storage Tanks 5-7, the securing of Units 1-3 associated with their retirement, and the design features of CECP.

Final Determination of Compliance

Applicant has been working with the San Diego Air Pollution Control District (“SDAPCD”) since the issuance of the PDOC to ensure a timely publication of the FDOC. Applicant has secured emission reduction credits (“ERCs”) and will soon be docketing an ERC option for twenty-three tons of VOC ERCs (to use as an interpollutant trade for the remaining NOx ERCs needed for the project). Currently, Applicant needs to provide the SDAPCD with a few remaining items before the SDAPCD can issue the FDOC. Such items include a revised health risk assessment, which is necessary because the California Office of Environmental Health Hazard Assessment recently changed some risk factors for a few relevant toxic air pollutants. Originally, the SDAPCD intended on completing the additional analysis, but requested Applicant to complete the assessment just a few weeks ago. Applicant anticipates that, due to the complex nature of the modeling required for the revised assessment, the modeling will be completed by the end of next week. Further, Applicant recently submitted statewide compliance certification letters to the SDAPCD, copies of which are being docketed concurrently with this Status Report. These compliance letters are required by SDAPCD Rule 20.3 for all major stationary sources undergoing New Source Review. The letters discuss the compliance status of all major stationary sources in California owned or controlled by affiliates of the Applicant’s parent company with respect to compliance with applicable emission limits and standards under the federal Clean Air Act. It is Applicant’s best estimate that the FDOC should be completed by the end of March 2009.

Miscellaneous Activities

Applicant recently prepared its response to the City of Carlsbad’s request for input regarding emergency response and fire protection at CECP. Applicant anticipates it will transmit its response to the City on or about March 13, 2009, and will docket a copy of the same with the CEC once the response is finalized.



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CONCLUSION

As always, Applicant is committed to providing, to the extent feasible, information that may assist CEC Staff with moving toward the publication of the FSA.

Very truly yours,

for 
John A. McKinsey
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Attorneys for Applicant, Carlsbad Energy Center LLC

JAM:kjh

cc: See Proof of Service

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
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APPLICATION FOR CERTIFICATION
FOR THE CARLSBAD ENERGY
CENTER PROJECT

Docket No. 07-AFC-6
PROOF OF SERVICE
(Revised 2/18/2009)

Carlsbad Energy Center Project
Status Report, March 13, 2009

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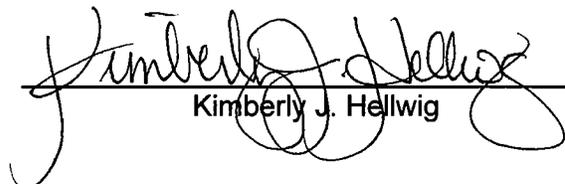
DECLARATION OF SERVICE

I, Kimberly J. Hellwig, declare that on March 13, 2009, I deposited copies of the aforementioned document in the United State mail at 980 Ninth Street, Suite 1900, Sacramento, California 95814, with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, Title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.


Kimberly J. Hellwig