City of Carlsbad
Office of the City Manager

Memorandum

Date: April 25, 2008
Telephone: 760-434-2821

TO: Vice Chairman James D. Boyd, Presiding Member
Commissioner Karen Douglas, Associate Member
Paul Kramer, Hearing Officer

FROM: **City of Carlsbad** – Joseph Garuba, Municipal Projects Manager
1200 Carlsbad Village Dr.
Carlsbad, CA 92008

SUBJECT: **CARLSBAD ENERGY CENTER PROJECT (07-AFC-6)**
CITY STATUS REPORT 1

Thank you for the opportunity to submit the City of Carlsbad's Status Report 1 on NRG's proposal to construct a new power plant at the Encina Power Station site. The City has attended all meetings and hearings on the proposed Carlsbad Energy Center (CECP), and the City has gone to great lengths to solicit feedback from its citizens on this matter. The City has and continues to meet with NRG representatives on a regular basis, in an effort to convince NRG to revise its plans, or choose an alternate location, so that the CECP is compatible with City regulations and standards. Unfortunately, little progress has been made in this effort over the past six months. Based upon the information known at this time regarding the CECP and the input from the community, the City opposes this proposed project.

The City believes that the CECP has not produced sufficient analysis of the conformity of the proposed project with local land use plans, such as Specific Plan 144, the Aqua Hedionda Land Use Plan or the South Carlsbad Coastal Redevelopment Plan. Even if these documents were to be submitted by NRG, and an extraordinary public benefit could be shown, the City seriously doubts that the project could conform to its regulations. The City cannot support a project that disregards our community's laws, ordinances, regulations, and standards (LORS) and submits this status report which reflects its opposition to the CECP. This position of opposition will be reflected in all City dealings with the NRG proposal until and unless it is revised.

Water

The CECP's water requirements remain unclear to the City, as the applicant has verbalized a need to amend the final water demands for the project. Furthermore, as identified in the City's letter to the California Energy Commission dated February 20, 2008, the City's reclaimed water system is fully committed during peak months. Due to this full subscription, the City will be unable to provide a "Will Serve" letter for reclaimed water to the CECP. Furthermore, without a demonstrable extraordinary public benefit, the City will not approve any other discretionary

approvals, such as allowing the use of public thoroughfares for pipelines or other related appurtenances.

Wastewater

The CECP's wastewater needs are still undetermined. These needs are dependent on the project's water supply. The City has verbally notified the applicant that any industrial wastewater discharge utilizing City facilities is a significant concern for the City and that the City will require that the applicant update the City's Wastewater Master Plan before the City considers issuing a "Will Serve" letter for this service. However, based on preliminary calculations, the City believes that it will ultimately be unable to provide industrial wastewater service to the applicant, and NRG should evaluate other means of disposal, such as the implementation of a zero liquid discharge system. Due to the lack of a demonstrable extraordinary public benefit, the City will not approve any other discretionary approvals related to wastewater.

Discretionary City Approvals

Due to the inconsistency with the City's LORS and the lack of an extraordinary public benefit, the CECP should anticipate that the City will not cooperate in any discretionary approvals that may be sought from the City, such as relief from its workday hour restrictions.

Visual Impacts

The City believes that the CECP will create significant environmental impacts upon visual resources in the City. Based on discussions with Caltrans regarding the upcoming widening of the I-5 freeway, the City believes there is insufficient land between the widened freeway and the project to adequately screen and conceal the proposed CECP from residents and motorists. Additionally, the applicant has yet to submit a waiver from the local Air Pollution Control District allowing an alternative testing methodology. Without this waiver, the CECP would most likely be required to increase the height of the exhaust stacks, which would result in worsening of the project's visual impacts.

Schedule

The City has reviewed the schedule attached to the California Energy Commission Staff Status Report 1 and finds it optimistic. The City will actively contest this proceeding, which may include offering testimony, briefing legal issues and appealing any decision which the City believes to be adverse to the City's interests. NRG should consider a more realistic timeframe for their project. Similarly contested project schedules reflect a period of 8 to 10 months between the Preliminary Staff Analysis (PSA) and a Revised Presiding Member's Proposed Decision (PMPD - See Eastshore) and 18 months between PSA and any Final Decision (See the Metcalf and High Desert proceedings). The City believes that this project could be licensed at an alternate location within the timeframes stated above.

Alternate Sites

NRG has evaluated two alternate sites (proposed by the City) and found them to be inconsistent with the project's goals and objectives. In response to NRG's determination, the City has offered two additional site locations for NRG's consideration. Furthermore, the City has extended an open invitation to NRG to identify any potential alternate site(s) which would better

meet the applicant and the City's requirements. If NRG were to relocate to any of these locations, the City would go to extraordinary measures to assist in that effort. The City would work diligently to help supply the project's water and wastewater needs. The City would expeditiously process any necessary zoning or land use change and would work with NRG to shorten the project's licensing schedule where possible.

Quality of Life

The City believes that through technological advances, power plants are no longer coastally dependent land uses. The proposed coastal location for the CECP represents a short-sighted, deleterious approach to land use which ultimately jeopardizes Carlsbad's quality of life. The City believes that other, more appropriate sites are available within Carlsbad for the development of power generation facilities, and that the existing Encina Power Station site should be utilized in a different fashion to better meet the needs of the community.

The City of Carlsbad hereby requests that the Energy Commission direct its staff to schedule a workshop on Project Site Alternatives to consider potential alternate sites. The City believes this proceeding would benefit from the participation of SDG&E and therefore requests the Commission to direct staff to ask representatives of the utility to attend this workshop and to be prepared to offer its opinion on possible alternate sites.

c: See Proof of Service (Rev. 03/19/2008; electronic copy only)
Carlsbad Mayor and City Council
Carlsbad City Manager