

EXECUTIVE SUMMARY

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INTRODUCTION

This Preliminary Staff Assessment (PSA) contains the California Energy Commission staff's independent analysis and preliminary recommendation on the Colusa Generating Station (CGS or project). The proposed project is under the Energy Commission's jurisdiction and cannot be constructed or operated without the Energy Commission's certification. This PSA examines engineering, environmental, public health and safety aspects of the proposed project. The PSA analysis is based on the information provided by the applicant and other sources available at the time the analysis was prepared. The PSA contains analyses similar to those normally contained in an Environmental Impact Report (EIR) required by the California Environmental Quality Act (CEQA). When issuing a license, the Energy Commission is the lead state agency under CEQA and its process is functionally equivalent to the preparation of an EIR. After a 30-day public comment period on the PSA, staff will issue its testimony in the form of the Final Staff Assessment (FSA).

The Energy Commission staff has the responsibility to complete an independent assessment of the project's potential effects on the environment, the public's health and safety, and whether the project conforms to all applicable laws, ordinances, regulations and standards (LORS). The staff also recommends conditions of certification to mitigate potentially significant adverse environmental effects and conditions for construction, operation and eventual closure of the project if approved by the Energy Commission. This PSA is not a decision document for these proceedings, nor does it contain findings by the Energy Commission; it is a preliminary staff recommendation related to environmental impacts and the project's compliance with local, state and federal LORS.

The FSA will serve as staff's testimony in evidentiary hearings to be held by a Committee of two Commissioners who are hearing this case. The Committee will hold evidentiary hearings and will consider the recommendations presented by staff, the applicant, all parties, government agencies, and the public prior to proposing its decision. The Energy Commission will make findings and provide a final decision after the Committee's publication of its Presiding Member's Proposed Decision (PMPD).

The analyses contained in this PSA are based upon information from: 1) the Application for Certification; 2) subsequent amendments; 3) workshops and site visits; 4) responses to data requests, supplement information from federal, state and local agencies; 5) existing documents and publications; 6) independent research; and 7) public comments.

PROJECT LOCATION AND DESCRIPTION

The proposed CGS site is located on a 3-acre portion of a 100-acre parcel, Assessor parcel No. 11-040-024, Section 35, Township 18N, Range 4W, MD B and M, in Colusa County. The site is west of the existing PG&E gas compressor station located 6 miles north of the community of Maxwell, 14 miles north of the community of Williams and 4 miles west of I-5. The site will be accessed by Dirks Road, currently providing access to

the PG&E gas compressor station. The CGS will be a combined cycle power plant producing a nominal 660 megawatts (MW) of electricity, with two natural gas-fired turbine generators using heat recovery steam generators (HRSG), providing steam for one steam turbine generator. Linear facilities include four double-circuit 230-KV transmission lines looping to the power plant's new substation and PG&E's existing transmission lines located approximately 1,800 feet to the west, 1,500 feet of 8-inch natural gas pipeline, 2,700 feet of 4-inch water pipeline constructed from the Tehama-Colusa Canal west of the project site. A more complete description of the project that includes site layout and regional maps is contained in the **Project Description** section of this PSA.

PUBLIC AND AGENCY COORDINATION

Prior to the publication of the PSA, the Energy Commission conducted a publicly noticed business meeting accepting the CGS Application for Certification (AFC) as complete and allowed comments on the proposed project. Commission staff sent notices informing property owners, libraries and agencies of the proposed project and sent copies of the AFC to libraries, agencies and organizations. The Committee of two Commissioners assigned to oversee the CGS project procedure conducted an Informational Hearing and Site Visit on January 25, 2007 in Williams, CA.

Staff conducted a publicly noticed Data Response and Issue Resolution Workshop at the Energy Commission on February 21, 2007. The workshop allowed staff and the applicant to discuss data requests, data responses and resolve issues. Additionally, the workshop provided an opportunity to hear opinions on the project and the proceeding from intervenors, interested agencies, and members of the public. Staff also has coordinated directly with the California Independent System Operator and relevant local, state and federal agencies; such as the Colusa County Air Pollution Control District, Colusa County Planning and Building Department, Maxwell Fire Protection District, Central Valley Regional Water Quality Control Board, US Fish and Wildlife Service, US Army Corp of Engineers, the Glenn-Colusa Irrigation District and Native American tribes and other interested parties.

Written comments on the PSA will be taken into consideration in preparing the FSA. Written comments on the PSA are due to the Energy Commission no later than August 22, 2007 for consideration in the FSA. A workshop on the PSA is being scheduled on August 22, 2007. All workshops will be publicly noticed separately.

ENVIRONMENTAL JUSTICE

Executive Order 12898, "Federal Actions to address Environmental Justice in Minority Populations and Low-Income Populations," focuses federal attention on the environment and human health conditions of minority communities and calls on federal agencies to achieve environmental justice as part of this mission. The order requires the U.S. Environmental Protection Agency (USEPA) and all other federal agencies (as well as state agencies receiving federal funds) to develop strategies to address this issue. The agencies are required to identify and address any disproportionately high and adverse human health or environmental effects of their programs, policies, and activities on minority and/or low-income populations. The guidelines on environmental justice

state that if 50 percent of the population affected by a project has minority or low-income status, it must be determined if these populations are exposed to disproportionately high and adverse human health or environmental impacts.

Staff has reviewed Census 2000 data for Colusa and Glen Counties that shows the minority population by census block is 18.0 percent minority and 47.0 percent low-income which does not exceed staff's screening threshold of greater than fifty percent within a six-mile or one-mile radius of the proposed CGS project (**See Socioeconomics Figure 1**). Additionally, socioeconomics data shows that the population below the poverty level is 13.0 percent and 22.0 percent within a six-mile and one-mile radius. Staff has determined there no concentrations of minority and low-income populations within the six-mile radius of the project. Therefore, staff has concluded that the project does not result in any significant unmitigated impacts to an environmental justice population.

STAFF'S ASSESSMENT

Each technical area section of the PSA contains a discussion of impacts, and where appropriate, mitigation measures and conditions of certification. The PSA includes staff's assessments of:

- the environmental setting of the proposal;
- impacts on public health and safety, and measures proposed to mitigate these impacts;
- environmental impacts, and measures proposed to mitigate these impacts;
- the engineering design of the proposed facility, and engineering measures proposed to ensure the project can be constructed and operated safely and reliably;
- project alternatives;
- compliance of the project with applicable laws, ordinances, regulations and standards (LORS) during construction and operation;
- proposed conditions of certification; and
- project closure.

OVERVIEW OF STAFF'S CONCLUSIONS

Staff's preliminary analysis indicates that, with the exception of Land Use, Soils and Water Resources, Worker Safety and Fire Protection, Hazardous Materials, and Transmission System Engineering the project's impacts are being mitigated to levels less than significant. Land Use conclusions indicate the project is not LORS compliant with the County of Colusa's general plan and zoning ordinances. Soils and Water Resources concludes that the project will require evidence of an executed water agreement between the CGS, Glenn-Colusa Irrigation District and Colusa County in order to meet LORS compliance. Worker Safety and Fire Protection and Hazardous Materials conclusions indicate the Maxwell Fire Protection District has unresolved and unmitigated impacts due to the proposed project's impacts. The issues associated with those impacts are currently being discussed with the CGS, fire district and Colusa

County representatives. Additionally, staff is evaluating data responses from the project applicant on the potential downstream impacts beyond the first point of interconnection to the Western Area Power Administration's (Western) transmission system. Staff will provide an analysis on those impacts as an appendix to the Transmission System Engineering section in the FSA.

The following table summarizes the potential environmental impacts and LORS compliance for each technical section. Details on the potential impacts and mitigation for those impacts are found in each technical section.

Technical Sections Status Table

Technical Discipline	Impacts Mitigated	Complies with LORS
Air Quality	Yes	Yes
Biological Resources	Yes	Yes
Cultural Resources	Yes	Yes
Efficiency	N/A	N/A
Facility Design	Yes	Yes
Geology, and Paleontological Resources	Yes	Yes
Hazardous Materials	Unresolved	Unresolved
Land Use	Unresolved	Unresolved
Noise and Vibration	Yes	Yes
Public Health	Yes	Yes
Reliability	Yes	Yes
Socioeconomics	Yes	Yes
Soil and Water Resources	Unresolved	Unresolved
Traffic and Transportation	Yes	Yes
Transmission Line Safety/Nuisance	Yes	Yes
Transmission System Engineering	Unresolved	Unresolved
Visual Resources	Yes	Yes
Waste Management	Yes	Yes
Worker Safety/Fire Protection	Unresolved	Unresolved

TECHNICAL SECTIONS REQUIRING ADDITIONAL INFORMATION

A summary of unresolved issues is discussed below for the following technical areas:

LAND USE

The CGS project does not comply with the current Colusa County general plan and zoning ordinance provisions applicable to the proposed site and would require a height variance in order to meet LORS compliance. Construction of an electric power plant would require a County General Plan amendment and zoning ordinance change for the site. Staff anticipates completion of the county land use amendments to occur in September 2007. A discussion on scheduling issues for the completion of the above

county requirements and any issues associated with LORS compliance will be pursued at a PSA workshop. Results of the PSA workshop and information filed on this issue will be reflected in the FSA.

SOILS AND WATER RESOURCES

The impacts to surface-water resources could not be determined without all terms of the water agreement and a description of all users and customers that would be party to the applicants propose water agreement. Final execution of the three-party agreement between, E&L Westcoast, LLC, Glenn-Colusa Irrigation District, and the County of Colusa would provide a reliable long-term water supply for the Colusa Generating Station that is consistent with state laws and water-use policies. Staff will need evidence of this agreement for the completion of the Final Staff Assessment.

WORKER SAFETY AND FIRE PROTECTION AND HAZARDOUS MATERIALS

The applicant, Maxwell Fire Protection District (MFPD) and County of Colusa are discussing the impacts directly associated with the proposed CGS project. The volunteer district continues to have concerns on their ability to respond to an emergency at the proposed project site. The primary concerns from the district are: a) the lack of staff and the funds for proper training of that staff b) the lack of proper fire fighting equipment and the funds for that equipment. The Hazardous Materials technical section identifies concerns with the lack of properly trained MFPD staff as the first off-site responder to a hazardous materials release. Staff will pursue discussions at a PSA workshop in order to find possible resolutions to the issues. The results of the workshop and any information filed by the parties involved with this issue will be reflected in the FSA.

TRANSMISSION SYSTEM ENGINEERING

In order to understand and analyze the impacts of the proposed CGS project to Western's transmission system, staff provided a set of data requests to the applicant on May 16, 2007. The required additional information focused on the CGS project impacts to the Western Shasta-Flanagan-Keswick transmission line. The project impacts are beyond the first point of interconnection for the CGS project but are a reasonable foreseeable action as a direct result of the development of the project. Western has concurred with the applicant and the Commission that impacts to their transmission system will require mitigation measures by the proposed CGS project. Staff received data responses in June 2007. The impacts to Western's transmission system and any associated mitigation are not under the authority of the Energy Commission but will be analyzed under a general review analysis as required under CEQA. Staff's analysis on the CGS project impacts to the Western transmission system will be published in the FSA.

CONCLUSIONS

This PSA is a preliminary document and as such, is part of the process of discovery and the resolution of issues identified in this document. The resolution of the issues discussed and agreements between the applicant, appropriate agencies and involved

parties will be pursued by staff at the PSA workshop prior to publication of the FSA. Staff views the following information as necessary in order to provide a complete FSA analysis.

Summary of information pending resolution:

- Evidence that the proposed project and site comply with the county land use ordinances;
- Evidence that the proposed project has an executed water agreement with all parties that would be consistent with state laws and water-use policies;
- Agreement between the applicant, Maxwell Fire Protection District, County of Colusa and Commission staff, that the fire protection and hazardous materials impacts from the proposed power plant would be fully mitigated to a level of less than significant;
- Completion of staff's analysis for the project impacts to the Western Area Power Administration's transmission system; and
- Completion of staff's FSA analysis based on workshop discussions and submittal of any additional information that may be requested or presented at the PSA workshop.