

Memorandum

Date : December 7, 1998

Telephone ATSS ()

To : Jananne Sharpless, High Desert Committee Presiding Member (916) 653-1614
Bob Laurie, High Desert Committee Associate Member

File : MEMO014.WPD

From : California Energy Commission - Richard Buell
1516 Ninth Street Siting Project Manager
Sacramento 95814-5512

Subject : **High Desert Power Project (97-AFC-1) Status Report Number 9**

The High Desert Power Project Committee's October 6, 1998 **Fourth Revised Scheduling Order** directed staff and other parties to file a status report on October 30, 1998. This status report is our response to the Committee's order.

On October 27, 1998 staff conducted a workshop to discuss project status and the High Desert Power Project, Limited Liability Company's (the Applicant) and California Unions for Reliable Energy's (CURE) comments on the draft Preliminary Staff Assessment (PSA). The applicant indicated that it was making reasonable progress to develop the information submittals identified in the Committee's October 6, 1998 revised scheduling order. Although there might be some minor delays in docketing the information, the submittal would be faxed to the Energy Commission per the Committee's schedule. The specific details regarding the information submittals are discussed below under the topic area discussions.

AIR QUALITY

The applicant indicated that on October 30, 1998 it will submit to the Mojave Desert Air Quality Management District (District) information regarding best available control technology (BACT), start-up protocols, start-up emissions, the auxiliary boiler, and duct burners. The applicant indicated that it was using methods recommended by the District to evaluate interpollutant/interbasin emission offsetting ratios. The applicant indicated that it would be using volatile organic compounds (VOC) emission reductions credits (ERCs) from the South Coast Air Quality Management District (South Coast AQMD) to offset the project's NOx emissions. Information on the emission offsets for the project will be submitted on November 6, 1998.

WATER RESOURCES

The City of Victorville has, on behalf of the High Desert Power Project, applied to the Mojave Water Agency (MWA) to receive 4,000 acre feet of State Water Project Water (SWP). To meet MWA requirements for SWP water, the Victor Valley Water District and the city have indicated to the agency that they will, subject to certain conditions,

provide the project with groundwater when SWP water is not available. Although the application is for water delivery in calendar year 2002, the Mojave Water Agency has developed draft conditions necessary for approval of the application at the November 10, 1998 board meeting.

At the staff workshop held on October 27, the applicant indicated that they will be providing a revised water plan reflecting the changes to the project necessary to treat and inject State Water Project water. To inject this water into the aquifer, a waste discharge requirement or a waiver will have to be issued by the Lahontan Regional Water Quality Control Board. The applicant has indicated that the report of waste discharge necessary to apply for this permit will be filed shortly.

TRANSMISSION SYSTEM ENGINEERING

On October 8, 1998 the California Independent system operator submitted its evaluation of the Southern California Edison Company=s (Edison) transmission interconnection study. The ISO=s analysis indicated that transmission system reliability and congestion effects resulting from the High Desert Power Project could be addressed through congestion management and remedial action schemes (RAS), without the need for new downstream transmission facilities. We do not believe there are any major issues that still need to be addressed regarding the transmission system interconnection for the project, and we see no reason why staff will not be able to complete a revised PSA regarding transmission engineering.

BIOLOGICAL AND CULTURAL RESOURCES

On September 3, 1998 we sent the U.S. Fish and Wildlife Service (USFWS) a copy of the our draft PSA. We also conducted a number of conference calls with USFWS staff describing the Energy Commission=s siting process, and previous efforts to develop joint environmental documentation for one of our power plant siting cases. Based on these discussions and the concern that the federal agency involvement in this siting case came late in our process, USFWS staff determined that preparing a joint environmental document for the High Desert Power Project would not be practicable. We will coordinate our review of biological and cultural resources with USFWS and BLM and will identify the likely conditions these agencies will require for approval of the project. These likely conditions will be incorporated in our revised or Final Staff Assessment (FSA). The USFWS will prepare an Environmental Impact Statement (EIS) based, in part, on information contained in the staff=s preliminary and final staff assessments and the Presiding Member=s Proposed Decision (PMPD). The EIS will address the environmental consequences from both the power plant and second natural gas pipeline. Where the USFWS or Bureau of Land Management (BLM) does not have direct expertise or responsibility, the USFWS will incorporate the Energy Commission=s analyses. For areas where the USFWS or BLM has responsibility (e.g., biological and cultural resources), the USFWS will work with Resources Management

Jananne Sharpless, High Desert Committee Presiding Member
December 7, 1998
Page 3

International, Inc. (RMI; applicant's consultant) to develop the environmental review. The draft EIS will be released shortly after the Committee releases the PMPD.

One area where the applicant has identified that USFWS needs additional information from the Energy Commission is regarding our alternatives analyses. The applicant has requested a draft copy of staff's alternatives analyses. We will release a draft alternatives section within the next two weeks.

RKB:rkb

cc: Proof of Service
Ray Menebroker, ARB
Chuck Fryxell, APCO Mojave Desert AQMP
Robert Zeller, Mojave Desert AQMD
Matt Haber, U.S. EPA
John Vega, VVWD
Dan Gallagher, VVWD
Charlie Kraus, VVWD
Norman Caouette, MWA
Mark Zeiring, CPUC
Manuel Alvarez, Edison
Rebecca Jones, CDFG
Ben Harris, USFWS
Denise Washick, USFWS
Norman Riley, DTSC
Roger Cannon, BLM