CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov

DOCKET
06-AFC-2
DATE MAR 20 2007
RECD. MAR 20 2007

March 20, 2007

Julie Way, President
AES Highgrove, LLC
690 North Studebaker Road
Long Beach, CA 90803

Dear Ms. Way,

On January 17, 2007, CH2MHill filed Informal Data Response, Set 1A on behalf of AES Highgrove, LLC, for the Highgrove Project (06-AFC-2) containing additional information responding to discussions held at a November 16, 2006 Data Response Workshop in Grand Terrace. Pages S&W-1 through S&W-12, of the Informal Data Response Set 1A submittal contain analyses of three plant-process water options being considered with supporting information. One of these options is the method proposed in the Application for Certification (AFC) utilizing the on-site fresh water wells, and the other two, using a combination of the on-site wells with degraded water from the Spring Street wells, were developed based on previously considered alternatives and discussions at the November 16, 2006 workshop. We are pleased with the additional information prepared by AES and CH2MHill in response to the workshop discussions. Staff believes that you are moving in a reasonable direction for addressing California's water policy, as discussed in the Energy Commission's 2003 Integrated Energy Policy Report, and other policies, laws and regulations.

We suggest that you submit a supplement to the AFC that you believe best complies with the requirements and intent of the state's water policy as clarified by the 2003 Integrated Energy Policy Report and the State Water Resources Control Board's Policy 75-58. The supplement should focus on, and clearly identify, your preferred plan including a specific description of your new preferred source for cooling and process water, the treatment methods proposed, and the preferred wastewater disposal plan. The supplement should also thoroughly discuss and analyze the economic and environmental feasibility and the alternatives to your new preferred plan. We urge you to use the initial AFC filing, and the results of the Data Responses and workshop discussions as a guide to preparing this supplement. In putting together the filing, please carefully consider and analyze the areas noted below and include this added research in the AFC supplement.

We would expect that your AFC Supplement would thoroughly discuss and analyze the following:

- the economic and environmental feasibility of using a zero liquid discharge system;
- the economic and environmental feasibility of utilizing dry or hybrid cooling;

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ORIGINAL MAILED FROM SACRAMENTO ON 3-20-07

- any potential impacts to the aquifer from use of the Spring Street wells;
- the economic and environmental feasibility of any on-site water treatment options that would allow a greater percentage, including 100 percent, of the degraded water from the Spring Street wells to be used for plant cooling;
- the potential availability and reliability of a reclaimed water supply by 2012.

The supplement should also contain the following:

- a thorough description of all infrastructure associated with the preferred plan, including pipelines, tanks, and the proposed means of disposing of generated wastewater;
- the associated cost information for the preferred plan and any alternatives, providing sufficient detail to enable independent analysis by staff.

As with any substantive change to a project, staff may need to issue data requests in order to clarify information or the analysis provided in the supplement. If you have any questions, please call or e-mail Robert Worl, Project Manager, at (916) 651-8853, or rworl@energy.state.ca.us.

Regards,

Roger E. Johnson
Siting Office Manager

cc: Dockets
POS

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION FOR THE AES HIGHGROVE POWER PLANT PROJECT	**Docket No. 06-AFC-2** **PROOF OF SERVICE** ***(Revised 3/16/07)***

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-02
1516 Ninth Street, MS-4
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docket@energy.state.ca.us

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DECLARATION OF SERVICE

I, Geoff Carter, declare that on March 20, 2007, I deposited copies of the attached Letter to AES RE: Water Supplement to AFC, in the United States mail at Sacramento, CA 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.

[signature]