

DOCKET	
06-AFC-2	
DATE	APR 06 2007
RECD.	APR 06 2007

Memorandum

To: Chairman Jackalyne Pfannenstiel, Presiding Member
Commissioner Jeffrey Byron, Associate Member

Date: April 6, 2007
Telephone: (916) 651-8853
File: 06-AFC-2

From: California Energy Commission - Robert Worl *Robert Worl*
1516 Ninth Street
Sacramento, CA 95814-5512
Siting Project Manager

Subject: **STATUS REPORT #4 FOR THE HIGHGROVE PROJECT (06-AFC-2)**

This status report has been filed to provide the Committee with: 1) new information staff has received regarding the applicant's water supply plans; and 2) an update on issues related to proposed use of the South Coast Air Quality Management District's Priority Reserve for mitigation of emission impacts.

DATA REQUESTS AND RESPONSES

On January 17, 2007, the applicant provided staff with Informal Data Responses Set 1A, containing information regarding an alternative to the current Application for Certification (AFC) proposal for using on-site groundwater wells to supply the plant process water. The AFC currently proposes as many as 12 truck trips daily during operation to convey the wastewater discharge 5.1 miles to the Santa Ana Regional Interceptor line for eventual discharge to the ocean. The applicant is now considering the use of degraded ground water from another location in combination with the on-site wells.

After review of the new information and further discussions with the applicant, the Siting Office sent a March 20, 2007 letter to the applicant requesting that a Supplement to the AFC be prepared and submitted to the Energy Commission. The letter requests a full discussion of the applicant's new preferred option in light of the State's water policy as set forth in the 2003 Integrated Energy Policy Report and in subsequent updates to that document, and also the State Water Resources Control Board's Resolution 75-58. The basic policy sets forth circumstances, including environmental and economic feasibility, under which fresh water use for power plant cooling may be considered.

FEDERAL, STATE AND LOCAL AGENCY ACTIONS**U.S. Environmental Protection Agency**

The U.S. Environmental Protection Agency (EPA) is proposing to grant a California request for attainment status for carbon monoxide (CO) within the South Coast air basin. The EPA decision was published in the Federal Register on February 14, 2007, and EPA closed the comment period on March 16, 2007. EPA plans to forward the final decision for publication in the Federal Register later this month. Upon final approval this would eliminate this project's need for CO emission reduction credits.

California Department of Toxic Substances Control

On February 23, 2007, DTSC approved the Closure Report for the clean up of the wastewater retention basins that were part of the old power plant, the Highgrove Generating Station (HGS). DTSC is working with the applicant to develop a work plan covering the demolition and subsequent clean up of the old power plant facilities at the HGS site as reported by the applicant in its February 7, 2007 Status Report.

South Coast Air Quality Management District

The South Coast Air Quality Management District (Air District) Executive Board did not consider the Proposed Amended Rule (PAR) 1309.1 on March 2, 2007, postponing that consideration until July 13, 2007. In accordance with the California Environmental Quality Act (CEQA), the Air District is preparing an environmental assessment of the Priority Reserve Rule amendments it adopted in September 2006, as well as the most recently proposed amendments. The District's CEQA analysis process may affect the date (currently unknown) for issuing a Preliminary Determination of Compliance (PDOC).

SCHEDULE

Energy Commission staff is now expecting an AFC Supplement presenting a new water supply/disposal approach which will require analysis, and is waiting for action by the South Coast Air Quality Management District regarding the Priority Reserve Program and the PDOC, which will ultimately determine the project schedule.

As we receive new information we will continue to update the Committee in status reports.

cc: Docket (06-AFC-2)
Proof of Service List

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
Sacramento, CA 95814-5512
docket@energy.state.ca.us

APPLICANT

Julie Way
Project Director
AES Highgrove
690 N. Studebaker Rd.
Long Beach, CA 90803
Julie.Way@aes.com

APPLICANT'S CONSULTANTS

John Carrier
CH2M HILL Project Manager
2485 Natomas Park Drive, Suite 600
Sacramento, CA 95833
jcarrier@ch2m.com

COUNSEL FOR APPLICANT

Scott Galati, Project Attorney
GALATI & BLEK, LLP
555 Capitol Mall, Suite 600
Sacramento, CA 95814
sgalati@gb-llp.com

INTERESTED AGENCIES

Larry Tobias
Ca. Independent System Operator
151 Blue Ravine Road
Folsom, CA 95630
LTobias@caiso.com

Eric Saltmarsh
Electricity Oversight Board
770 L Street, Suite 1250
Sacramento, CA 95814
esaltmarsh@eob.ca.gov

INTERVENORS

CURE
Suma Peesapati
Marc D. Joseph
Adams Broadwell Joseph & Cardozo
601 Gateway Boulevard, Suite 1000
South San Francisco, CA 94080
mdjoseph@adamsbroadwell.com
speesapati@adamsbroadwell.com

ENERGY COMMISSION

JACKALYNE PFANNENSTIEL
Presiding Committee Member
jpfannen@energy.state.ca.us

JEFFREY D. BYRON
Associate Committee Member
jbyron@energy.state.ca.us

Paul Kramer
Hearing Officer
pkramer@energy.state.ca.us

Robert Worl
Project Manager
rworl@energy.state.ca.us

Lisa DeCarlo
Staff Counsel
ldecarlo@energy.state.ca.us

Public Adviser
pao@energy.state.ca.us

DECLARATION OF SERVICE

I, Angela Hockaday, declare that on April 6, 2007, I deposited copies of the attached Status Report #4 for the Highgrove Project, 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)