

Memorandum

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

Date: July 27, 2007
Telephone: (916) 651-8853
File: 06-AFC-2

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

Subject: **STATUS REPORT #5 FOR THE HIGHGROVE PROJECT (06-AFC-2)**

This status report provides the Committee with: 1) new information staff has received regarding the Highgrove Project (HP) applicant's water supply plans; and 2) the current schedule for the Executive Board of the South Coast Air Quality Management District's actions related to the adoption of the Proposed Amended Rule 1309.1 and Rule 1315 which will determine access to the Priority Reserve for mitigation of emission impacts.

SUPPLEMENT C TO THE AFC

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. On June 27, 2007, Supplement C to the Application for Certification (AFC) was submitted detailing the proposal to use degraded ground water from another location in combination with the on-site wells for cooling and plant process needs. The applicant's new proposal also includes additional on-site equipment including adding three cooling tower cells, additional water treatment and storage equipment, and changes to the waste management regimen reflecting reduced truck-trips for wastewater deliveries to the Santa Ana Regional Interceptor (SARI) Line.

Staff has begun review of the Supplement C, and an August 1, 2007 workshop is scheduled in Grand Terrace to discuss the new material, and to provide an update to the organizations and interested public in the Grand Terrace vicinity.

FEDERAL, STATE AND LOCAL AGENCY ACTIONS

U.S. Environmental Protection Agency

The U.S. Environmental Protection Agency (EPA) has granted a California request for attainment status for carbon monoxide (CO) within the South Coast air basin. The EPA decision eliminates this project's need for CO emission reduction credits.

California Department of Toxic Substances Control (DTSC)

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 and the applicant are nearing completion of a work plan for the demolition and subsequent clean up of the old power plant facilities at the

HGS site. DTSC plans to attend and discuss the current status of these plans at the August 1 workshop.

South Coast Air Quality Management District

The South Coast Air Quality Management District (District) Executive Board did not consider the Proposed Amended Rule (PAR) 1309.1 on March 2, 2007, postponing that consideration until July 13, 2007. At that meeting, the Board further delayed action until August 3, 2007. In accordance with the California Environmental Quality Act (CEQA), the District has prepared an environmental assessment of the Priority Reserve Rule amendments adopted in September 2006, and has proposed additional options to these amendments for consideration. The District's process continues to affect the date (currently unknown) for issuing a Preliminary Determination of Compliance (PDOC), and the terms under which the applicant may be able to access the Priority Reserve bank as a means of offsetting air quality emission impacts from the proposed HP.

Colton Joint Unified School District Resolution 07-12

Staff received an electronic copy of a June 21, 2007 Colton Joint Unified School District (CJUSD) School Board resolution, Resolution 07-12, from Roxanne Williams, a formal intervenor in the HP proceeding. The Resolution states concerns regarding the proximity of power plants to school facilities within the CJUSD. Though not specifically mentioned, the HP falls within the areas of concern expressed in Resolution 07-12 (attached). This Resolution indicates that the CJUSD is concerned about five areas of potential impact, and resolves to become actively involved in the public review process for any such proposed project. It should be noted that the CJUSD concerns stem from plans to construct a new high school at a site that is across Taylor Street to the east of the proposed HP. Staff has been working with the CJUSD as an interested party since the AFC was filed' and will continued doing so on a cooperative basis.

SCHEDULE

Staff has received and is reviewing the Supplement C to the AFC which will be discussed at a workshop August 1, 2007, in Grand Terrace. The Air District is planning an Executive Board special meeting on August 3, 2007, and intends to choose among the current proposed options, and possibly adopt the Proposed Amended Rules 1309.1 and 1315. A PDOC will follow that action, if successful. There are no means to determine the timing of the PDOC, which is required for staff to complete the Preliminary Staff Assessment for the HP.

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

Attachment

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

COLTON JOINT UNIFIED SCHOOL DISTRICT

RESOLUTION 07-12

AUTHORIZES THE DISTRICT TO ACTIVELY PARTICIPATE IN PROVIDING FOR SAFE SCHOOLS IN ENVIRONMENTALLY SAFE AREAS NEAR EXISTING AND PROPOSED SCHOOL SITES THROUGHOUT THE DISTRICT

WHEREAS, the Board of Education of the Colton Joint Unified School District will actively participate in the public review comment period of any proposed project under the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) as appropriate.

WHEREAS, all future projects proposed near any existing and proposed school sites by other entities and their potentially significant impacts will be closely monitored.

WHEREAS, operating power plants are known to decrease the air quality in their immediate vicinity.

WHEREAS, operating power plants are known to increase passenger and trucking traffic because of employment commutes and wastewater transport.

WHEREAS, operating power plants are known to cause pollution of on-site water wells.

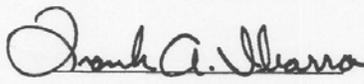
WHEREAS, operating power plants need pressurized natural gas lines to operate the electricity generating machinery and by their nature, operating pressurized natural gas lines are known to pose hazardous conditions to their surrounding areas.

WHEREAS, operating power plants are known to increase the noise levels in their vicinity.

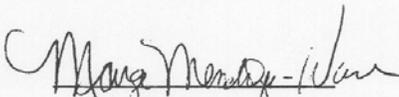
NOW THEREFORE BE IT RESOLVED by the Board of Education, the District will make known, but not limited to the above five listed impacts, its concerns in oral and written comments regarding any proposed power plant project during the public review process and FURTHERMORE the District hereby opposes the activation and/or reactivation of any power plant near any existing or proposed school site.

PASSED AND ADOPTED at a regular meeting of the Board of Education of the Colton Joint Unified School District on the 21st day of June 2007.

Ayes: 6
Noes: 0
Absent: 1
Abstain: 0
Date: 06/21/07



Frank A. Ibarra, President



Marge Mendoza-Ware, Clerk