



Redwood Coast Energy Authority

517 Fifth Street

Eureka, CA 95501

Phone: (707) 269-1700 Toll-Free (800) 931-RCEA Fax: (707) 269-1777

E-mail: info@redwoodenergy.org Web: www.redwoodenergy.org

April 11, 2007

John Kessler, Project Manager
California Energy Commission
1516 9th Street
MS 15
Sacramento, CA 95814

DOCKET 06-AFC-7	
DATE	APR 11 2007
RECD.	APR 16 2007

Re: PG&E Humboldt Bay Repowering Project

Dear Mr. Kessler:

The Redwood Coast Energy Authority (RCEA) is a Joint Powers Association representing seven municipalities (the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Trinidad and Rio Dell), the County of Humboldt and the Humboldt Bay Municipal Water District. Our mission is to develop and implement sustainable energy initiatives that reduce energy demand, improve energy efficiency, and advance the use of clean, efficient and renewable resources available in the region.

In keeping with this mission we want to ensure the continuing base resource adequacy of available and affordable conventional energy supplies as we transition to sustainability. We are therefore writing to inform you of our support for Pacific Gas and Electric Company's (PG&E) proposed repowering of their Humboldt Bay Power Plant (HBPP).

Due to its relative geographic isolation, Humboldt County experiences special constraints regarding electricity and natural gas supply. We have a historic (winter) peak electrical demand of about 160 MW, with the transmission lines serving the county providing a maximum of about 70 MW, necessitating local generation of a majority of our electrical power. Although our region is fortunate to have considerable local biomass generation capacity, PG&E's ageing HBPP has also provided a significant portion of this local supply.

It is well known that the HBPP is over 50 years old, and is nearing the end of its design life. It is less efficient and has higher emissions than available newer replacements. We appreciate PG&E Project Manager Greg Lamberg's efforts to keep us informed of their plans to address these reliability, efficiency and emissions issues. PG&E is correct in seeking to repower this facility, and has our support.

Further, we would like to commend PG&E for their selection of Wärtsilä engines for this purpose. If the manufacturer's data is accurate, these engines should significantly increase power plant efficiency while reducing environmentally harmful emissions when fueled by natural gas. We understand that these engines are relatively

new on the market, and do not yet have an extensive real-world track record to confirm these claims. If this project is approved, we trust that permitting will be consistent with standards set by the California Environmental Protection Agency, the California Air Resources Board, and the North Coast Unified Air Quality Management District.

Given potential natural gas supply constraints which also exist for Humboldt County, the ability of the Wärtsilä engines to also run on liquid fuels seems prudent. We would like to caution however that while running on diesel these engines will not deliver the promised low emissions that will be realized while running on natural gas. The diesel emissions will be higher, and we want to ensure that operating regulations allow use of liquid fuel only in times of true natural gas curtailment, and not for economic reasons.

We are especially impressed by the scalable load-following ability of these units, which should be a good match with Humboldt County's growing local renewable energy capacity. We hope that this project is seen as an energy supply "safety-net," and that it will not be used as a rationale for de-emphasizing the continued development of local renewable energy supplies.

We would also like to encourage careful review of the project's scale vis-à-vis reliable local renewable generation capacity, to ensure that the project is not over-built, thus saddling ratepayers with unnecessary capital costs. It is not clear that PG&E has properly valued continuing efficiency efforts and increasing adoption of renewable energy in their design calculus. (We refer you to the Draft Energy Element which we recently prepared as part of the County's General Plan Update for a detailed analysis of this potential. It is available on our web site, www.redwoodenergy.org.)

Thank you for the opportunity to provide feedback on this project. Through our operation of the ratepayer-funded Redwood Coast Energy Resource Center in Eureka, we serve as a local energy information clearinghouse for the general public. If there is anything we can do to assist with your efforts please don't hesitate to contact us.

Sincerely,



Jeff Leonard,
Chair

cc: Gregory Lamberg (PG&E)