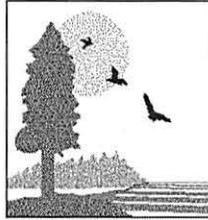


CALIFORNIA STATE LANDS COMMISSION

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**CURTIS L. FOSSUM**, Executive Officer

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from Voice Phone 1-800-735-2922

California Energy Commission

DOCKETED**12-AFC-02**

TN # 67311

SEPT 25 2012

Contact Phone: (916) 574-1861**Contact FAX: (916) 574-1925**

September 19, 2012

File Ref: PRC1980.1

Felicia Miller
Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5112

Dear Ms. Miller:

Subject: Request of Agency Participation in Review of the Huntington Beach Energy Project Application for Certification (12-AFC-02), City of Huntington Beach, Orange County

This letter responds to your written request for comments on the Huntington Beach Energy Project (HBEP) Application for Certification, dated June 2012. AES Southland Development, LLC proposes to replace the existing Huntington Beach Generating Station Power Plant (power plant), which uses Once Through Cooling (OTC), with a natural gas-fired generating facility using an air-cooled system on the same property. The California State Lands Commission (CSLC) currently has a lease to AES Huntington Beach, LLC and Poseidon Resources (Surfside) LLC as co-lessees covering off shore pipelines currently used for OTC of the power plant that are located on sovereign lands of the State. The lease also provides for the use of these pipelines by a proposed desalination facility that will be located on power plant property.

As general background, the State of California acquired sovereign ownership of all tidelands and submerged lands and beds of navigable lakes and waterways upon its admission to the United States in 1850. The State holds these lands for the benefit of all people of the State for statewide Public Trust purposes. On tidal waterways, the State's sovereign fee ownership extends landward to the mean high tide line, except for areas of fill or artificial accretion or where the boundary has been fixed by agreement or a court. The CSLC has exclusive jurisdiction and management authority over all ungranted tidelands, submerged lands, and the beds of navigable lakes and waterways.

The CSLC's primary concern with this proposed project is the impact that replacement of the existing generating facilities may have on the off shore pipelines. Various sections throughout the AFC make reference to the reduction of environmental

impacts associated with the discontinued use of OTC and they should be modified to discuss the potential of continuing impacts due to the operation of the proposed desalination facility which will share the power plants location and the power plants intake and outfall pipelines. The environmental impacts of converting the OTC system from cooling of the power plant to a source of salt water for the desalination plant should be studied as part of the analysis of this project. Because the CSLC's lease covering the intake and outfall pipelines are held by co-lessees they will continue to be used for both the intake of sea water and the return of both processed water from the power plant and brine water from the desalination plant. Although there may be a reduction in the volume of sea water intake it will likely not result in the complete elimination of environmental impacts previously associated with OTC of the power plant.

Staff of the CSLC will continue to monitor progress of the AFC. Should you have any questions regarding this letter or the jurisdiction of the CSLC, please contact me at the above telephone number or by E-mail at Scotta@slc.ca.gov.

Sincerely,



Alan C. Scott
Public Land Manager



**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV**

**APPLICATION FOR CERTIFICATION FOR THE
HUNTINGTON BEACH ENERGY PROJECT**

**Docket No. 12-AFC-02
(Revised 9/17/12)**

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*indicates change

DECLARATION OF SERVICE

I, Diane L. Scott, declare that on September 26, 2012, I served and filed a copy of the attached **CALIFORNIA STATE LANDS COMMISSION RESPONDS FOR AGENCY PARTICIPATION IN REVIEW OF THE HUNTINGTON BEACH ENERGY PROJECT APPLICATION FOR CERTIFICATION (12-AFC-02)**, dated September 19, 2012. This document is accompanied by the most recent Proof of Service list, located on the web page for this project at: http://www.energy.ca.gov/sitingcases/huntington_beach_energy/index.html.

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit or Chief Counsel, as appropriate, in the following manner:

(Check all that Apply)

For service to all other parties:

- Served electronically to all e-mail addresses on the Proof of Service list;
- Served by delivering on this date, either personally, or for mailing with the U.S. Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses marked ***"hard copy required"** or where no e-mail address is provided.

AND

For filing with the Docket Unit at the Energy Commission:

- by sending one electronic copy to the e-mail address below (preferred method); **OR**
- by depositing an original and 12 paper copies in the mail with the U.S. Postal Service with first class postage thereon fully prepaid, as follows:

CALIFORNIA ENERGY COMMISSION – DOCKET UNIT
Attn: Docket No. 12-AFC-02
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.ca.gov

OR, if filing a Petition for Reconsideration of Decision or Order pursuant to Title 20, § 1720:

- Served by delivering on this date one electronic copy by e-mail, and an original paper copy to the Chief Counsel at the following address, either personally, or for mailing with the U.S. Postal Service with first class postage thereon fully prepaid:

California Energy Commission
Michael J. Levy, Chief Counsel
1516 Ninth Street MS-14
Sacramento, CA 95814
michael.levy@energy.ca.gov

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

Originally Signed By:

Diane L. Scott
Siting, Transmission and Environmental Protection Division