

Memorandum

Date: February 16, 2001
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To : Arthur Rosenfeld, Presiding Member
Robert Pernel, Associate Member

From : California Energy Commission - Jack W. Caswell
1516 Ninth Street Project Manager
Sacramento, CA 95814-5512

Subject : **HUNTINGTON BEACH GENERATING STATION RETOOL PROJECT ISSUE IDENTIFICATION REPORT**

Attached is the staff's Issue Identification Report. This report serves as a preliminary scoping document as it identifies the issues the Energy Commission staff believe will require careful attention and consideration. Energy Commission staff will present the Issues Report at a scheduled Issue Identification Workshop on February 15, 2001, at 9:00 a.m. in the Energy Commission's Hearing Room B, Sacramento, California, 95814 and again at the Information Hearing on February 21, 2001 in Huntington Beach.

Part of this report deals with scheduling issues. Governor Davis signed Executive Order D-22-01 on February 8, 2001 ordering the Energy Commission to expedite to the extent feasible the AFCs for existing thermal power plants that require retooling. The Energy Commission staff will be recommending the AFC process be complete in 60 days.

Attachments

cc: Huntington Beach Generating Station Retool Project
Proof of Service List
City of Huntington Beach
RWQCB
South Coast Air District
Cal/Trans
Coastal Commission

DRAFT
Issue Identification Report

**Huntington Beach Generating Station
Retool Project
(00-AFC-13)**

February 16, 2001

CALIFORNIA ENERGY COMMISSION

Energy Facilities Siting & Environmental Protection Division

Jack W. Caswell, Project Manager

**DRAFT
ISSUE IDENTIFICATION REPORT
HUNTINGTON BEACH GENERATING STATION RETOOL
PROJECT
(00-AFC-13)**

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PURPOSE OF REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. These issues have been identified as a result of our discussions with federal, state, and local agencies, and our review of the Huntington Beach Generating Station Retool Project Application for Certification (AFC), Docket Number 00-AFC-13. The Issue Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On December 1, 2000, the AES Huntington Beach Limited Liability Company, (AES), Limited Liability Company filed an Application for Certification (AFC) for the Huntington Beach Generation Station Retool Project (Retool Project). The project was deemed data adequate at the February 7, 2001 business meeting, thus we have begun the data discovery and analysis phases for this project. These phases will include a public workshop and hearing. We will be scheduling an Information Hearing and Site Visit for the project February 21, 2001, in Huntington Beach. The Commission's overall review process will be completed in a maximum of 60 days.

The Retool Project will be a nominal 450 megawatt (MW), natural gas-fired boiler retooling at the existing Huntington Beach Generating Station (HBGS) located in the City of Huntington Beach, in Orange County. The 12-acre site is located at 21730 Newland Street, southeast of the intersection of Newland Street and the Pacific Coast Highway, and about 600 feet east of the Pacific Ocean.

AES is proposing to retool and operate Units 3 and 4, which currently exist, but are out of service at the HBGS. Southern California Edison (SCE) took these units out of service in 1995 when it owned the HBGS. At that time SCE surrendered its permits to operate these units to the South Coast Air Quality Management District. In 1998 AES purchased the HBGS from SCE. The Retool Project would restore these units to service. In addition to the boiler retooling, AES will be adding Selective Catalytic Reduction (SCR) equipment for emissions control.

The proposed Retool Project will be built entirely within the boundaries of the existing HBSG Beach power plant. No additional transmission lines or related transmission facilities will be required. It will use an existing 230 kilovolt (kV) switchyard owned by SCE. The proposed project will use natural gas supplied by the Southern California Gas Company via an existing 30-inch diameter pipeline. No changes to the pipeline or onsite connection to the pipeline will be required.

The project will use once through circulating water from the Pacific Ocean for cooling, while process water for steam generation and potable water for domestic needs will be supplied by the City of Huntington Beach via existing city water mains. Circulating cooling water, plant low volume waste streams such as water softener regeneration brines, and stormwater are currently discharged from the plant to the Pacific Ocean

under the provisions of an National Pollutant Discharge Elimination System (NPDES) permit. The retooled Units 3 and 4 would discharge to the same existing system.

During construction, a peak workforce of 530 people would be employed. During operation, the Retool Project would employ approximately 43 full-time staff.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. The Committee should be aware that this report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report was based on our judgement of whether any of the following circumstances will occur:

- Significant impacts may result from the project which may be difficult to mitigate;
- The project as proposed may not comply with applicable laws, ordinances, regulations or standards (LORS);
- Conflicts may arise between the parties about the appropriate findings or conditions of certification for the Energy Commission decision that could result in a delay in the schedule.

The following table lists all the subject areas evaluated and notes those areas where the critical or significant issues have been identified and if data requests have been asked. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area. For example, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. However, we do not currently believe such an issue will have an impact on the case schedule or that resolution will be difficult.

Major Issue	Data Req.	Subject Area	Major Issue	Data Req.	Subject Area
Yes	Yes	Air Quality	No	No	Public Health
No	Yes	Biological Resources	No	No	Socioeconomic
No	Yes	Cultural Resources	No	Yes	Traffic & Transportation
No	No	Reliability/Efficiency	No	No	Transmission Safety
No	No	Facility Design	No	Yes	Transmission Sys. Eng.
No	Yes	Geological Resources	Yes	Yes	Visual
No	Yes	Hazardous Material	No	No	Waste Management
No	Yes	Land Use	Yes	Yes	Water & Soil
No	Yes	Noise	No	No	Worker safety

The following discussion summarizes each potential issue, identifies the parties needed to resolve the issue and, where applicable, suggests a process for achieving resolution. At this time, the staff does not see any of these potential issues as not resolvable. The staff is ready to participate with the applicant, other agencies, etc., to address the

resolution of these issues. We plan to use this report to focus our analysis on issues that will ultimately be addressed in the Staff Assessment (SA).

AIR QUALITY

AUTHOR, GABRIEL D. BEHYMER

There are several significant Air Quality issues that may affect the schedule and possible outcome of the licensing process for the Huntington Beach Retool project.

ISSUES

1. **Emission Reduction Credits:** A portion of the Emissions Reduction Credits (ERC) required for the Huntington Beach Units 3 & 4 Retool project remain unidentified. In order to minimize the potential impact of this issue, Staff recommends that the Applicant expedite the identification and acquisition of suitable ERC.
2. **Construction Impact Modeling:** The screening level construction modeling included in the AFC predicts significant air impacts, specifically that construction activities would cause violations of the one-hour NO₂ and the one-hour SO₂ California Ambient Air Quality Standards. Staff will also discuss mitigation measures with the applicant and further analyze the proposed construction activities in an effort to mitigate any potentially significant air quality impacts to the extent feasible.
3. **Prevention of Significant Deterioration Permit:** The South Coast Air Quality Management District has been delegated Prevention of Significant Deterioration (PSD) permit authority by the U.S. Environmental Protection Agency (EPA). EPA has indicated that construction on the project cannot commence without a PSD permit. However, EPA must review the permit in consultation with the U.S. Fish & Wildlife Service before it is finalized in order to determine the projects' possible impacts on one or more federally listed species. Because there are so many agencies involved, there may be significant scheduling issues before construction may legally begin.
4. **Cumulative Air Quality Impact Analysis:** The applicant has not yet completed a Cumulative Impact Analysis. This analysis determines whether the impacts from the project's typical emissions in combination with other stationary emissions sources within a six-mile radius of the proposed site will cause or contribute to significant air quality impacts. Such an analysis requires identification of all stationary emissions sources within a six-mile radius of the proposed site that have received construction permits, but are not yet operational, and all stationary emissions sources that are currently undergoing air district permit application review, followed by detailed dispersion modeling of the project in combination with all identified sources.

Staff's discussions with the applicant and the air district indicate that the source identification and subsequent dispersion modeling have yet to begin, and may take a significant amount of time to complete and analyze.

VISUAL RESOURCES

AUTHOR, ERIC KNIGHT

There is one significant Visual issue that may affect the schedule and possible outcome of the licensing process for the Huntington Beach Retool project.

ISSUES

5. The proposed Huntington Beach Generating Station (HBGS) Retool Project has the potential to cause or substantially contribute to adverse visual impacts due to new visible water vapor plumes. Due to the very high number of highly sensitive viewers in the foreground vicinity of the proposed project (recreationists at Huntington Beach State Park, motorists on Pacific Coast Highway) this issue is of concern and warrants further study. No quantitative modeling of predicted vapor plume frequency or magnitude was submitted in the AFC. Therefore, the potential level of impact cannot be known until requested data needed for plume modeling is provided, and staff's plume modeling is completed. If significant adverse visual impacts due to vapor plumes are in fact found to occur, feasible mitigation will need to be explored.

6. The Local Coastal Program/Coastal Element of the Huntington Beach General Plan identifies the existing HBGS as a visual 'weakness' and includes a number of goals and policies with the intent of improving and enhancing the visual appearance of the Coastal Zone in the project vicinity. Other local policies and ordinances also require visual screening of utilities visible from public rights-of-way. The City of Huntington Beach has stated in a letter to the Energy Commission dated December 21, 2000 that "...without intensified landscaping and screening efforts, the existing [facility] and proposed retooling project does not comply with applicable land use policies established in the General Plan." Feasible measures to bring the existing facility and proposed project into compliance with applicable LORS are available. Specific mitigation proposals that would result in conformance and are acceptable to the City of Huntington Beach must be developed and incorporated into the project's conditions of certification.

WATER RESOURCES

AUTHOR, LORRAINE WHITE

There are two significant Water Resources issues that may affect the schedule and possible outcome of the licensing process for the Huntington Beach Retool project.

ISSUES

7. The City of Huntington Beach has indicated that potable water supplies may be inadequate with the existing infrastructure to serve the increased water demands of the project. According to the City, additional capacity may need to be built in the system to accommodate the project's demands. Staff will work with the city and the applicant to address the issue and determine if alternatives are available.

8. Concerns have been raised regarding the potential for the Huntington Beach Generating Station to adversely impact surf zone water quality and result in an

increase in beach closures in the area of the proposed project. These concerns focus on the potential for increased operation of the plant and the resultant increase in wastewater mixing and transport in the ocean to increase the concentrations of indicator bacteria within the zones along the Huntington, State and City Beaches. It is suggested in recent studies that there is a possible link between the blooms of indicator bacteria in the local surface zone and the thermal plume from the plant's discharge. Staff has found that other once-through cooling, coastal projects before the Commission that propose to increase their operation over recent historical operation result in discharges with greater thermal plumes and longer duration. At this time, inadequate information exists to determine the extent and characteristics of the existing and future HBGS discharge plumes and what correlation, if any, there is to the concentrations of indicator bacteria. The Orange County Sanitation District has convened a working group to design a study to address the problem. Staff will be working with the group to determine which monitoring and mitigation may be appropriate.

SCHEDULING ISSUES

Staff has begun its analyses of the major issues identified above, as well as its assessment of other environmental and engineering aspects of the applicant's proposal. Of the issues presented in this report, all appear to be resolvable within the expedited 60-day project schedule proposed by staff in response to Governor Davis' Executive Order D-22-01 dated February 8, 2001.

Following is staff's proposed schedule for key events of the project. The ability of staff to be expeditious in meeting this schedule will depend on: the applicant's timely response to: staff's data requests, the filing of Determination of Compliance form the air district, and other factors not yet discovered.

ENERGY COMMISSION STAFF'S PROPOSED SCHEDULE

DATE	Days	EVENT
12-01-01	-68	Huntington Beach Limited Liability Company, Filed
2-7-01	0	Energy Commission Deems AFC Complete
2-13-01	6	Staff Files Issue Identification Report and Data Requests
2-15-01	8	Issue Identification and Data Request Workshop
2-21-01	14	Information Hearing & Site Visit
2-23-01	16	Data Responses Due from Applicant
2-28-01	21	SCAQMD files Preliminary Determination of Compliance (PDOC)
2-28-01	21	Agencies files Comments Final Reports
3-7-01	28	Staff files Staff Assessment (SA)
3-10-01	31	SCAQMD files Final Determination of Compliance
3-14-01	35	Start Hearings
3-15-01	36	Conclude Hearings
3-25-01	46	Committee Issues Presiding Members Proposed Decision (PMPD)
3-30-01	51	Committee Conducts Hearing on PMPD
4-5-01	56	Adopt decision on PMPD
4-7-01	58	Executive director files Notice of Decision