

CALIFORNIA ENERGY COMMISSION1516 NINTH STREET
SACRAMENTO, CA 95814-5512

**NOTICE OF INSIGNIFICANT PROJECT CHANGE
TO ALLOW EITHER SIMPLE CYCLE OR COGENERATION OPERATION
for the
KERN RIVER COGENERATION PROJECT
(82-AFC-2C)**

On December 20, 2005, the California Energy Commission received a petition from the Kern River Cogeneration Company to modify the Kern River Cogeneration Project. The 300 megawatt cogeneration project was certified in 1983, and began commercial operation in 1985. The power plant consists of four 75-megawatt natural-gas fired combustion turbines equipped with dry Low NOx combustors and four heat recovery steam generators capable of providing steam to the adjacent oilfield for use in enhanced oil recovery. The power plant is located in the Kern River Oil Field, approximately five miles north of the City of Bakersfield, and five miles east of State Route 99 in Kern County, California

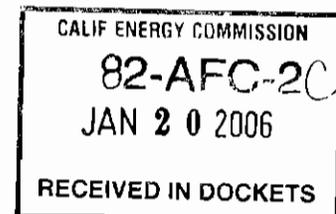
DESCRIPTION OF PROPOSED MODIFICATIONS

The Kern River Cogeneration Company is seeking approval to operate combustion turbine Units 1 and 2 in either simple cycle mode (i.e., without the cogeneration of steam) or in the current cogeneration configuration. This request is due to (1) a decline in steam demand from the adjacent oilfield, and (2) the need for flexibility to respond to the current electricity market. No additional physical construction will be necessary to switch between simple-cycle and cogeneration operations. In April 2003, the Energy Commission approved a petition filed by the Kern River Cogeneration Company to allow combustion turbine Units 3 and 4 to operate in either simple cycle or cogeneration mode, and the project's air quality Conditions of Certification were modified at that time to reflect the flexible operating characteristics.

ENERGY COMMISSION STAFF REVIEW AND DETERMINATION

Pursuant to section 1769(a)(2), Title 20, California Code of Regulations, Energy Commission approval of the project modification is not required if Energy Commission staff determines that:

- There is no possibility that the modification may have a significant effect on the environment, and
- The modification will not result in a change to or deletion of a condition of certification, or make changes that would cause the project not to comply with applicable laws, ordinances, regulations, or standards (LORS).



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Energy Commission staff have determined that the proposed modification meets this criteria because:

- The modification will not have any significant effect on the environment as there will be no changes in the permitted air emissions,
- Existing conditions of certification are sufficient to cover the proposed modification without changes to, or deletions of, any conditions of certification; and
- The project as modified will maintain full compliance with applicable LORS.

We note that the project must continue to meet the performance standards for cogeneration projects (Public Resources Code Section 25134) and will be operated in cogeneration mode for at least the minimum time necessary to do so.

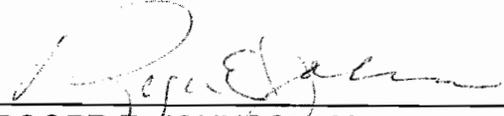
Any person may file a written objection to staff's determination within 14 days of service of this notice on the grounds that the project modification does not meet the criteria set forth in Section 1769(a)(2). All objections must be in writing and must be sent either by U.S. mail, e-mail, or other document delivery service to Christopher Meyer, Compliance Project Manager, at the address shown below:

California Energy Commission
1516 9th Street, MS 2000
Sacramento, CA 95814

Comments may be submitted by fax to (916) 654-3882, or by e-mail at cmeyer@energy.state.ca.us. If no substantive objection is received in writing by 5:00 p.m. on February 3, 2006, the requested project modifications will be deemed approved, and a description of the change will be placed in the project file.

If you have questions about this notice, please contact Christopher Meyer at (916) 653-1639, or by fax or e-mail using the above information.

Date: 1/20/06



ROGER E. JOHNSON, Manager
Siting and Compliance Office
Systems Assessment & Facilities Siting Division

Mail List # 789