

# Memorandum

Date : March 17, 2000

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To : Robert A. Laurie, Presiding Member  
Robert Pernell, Associate Member

From : California Energy Commission - Eileen Allen  
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Subject : OTAY MESA GENERATING PROJECT STATUS REPORT 4  
-- March 17, 2000

The applicant filed an AFC Supplement on March 2, 2000 which contains a discussion of the Lone Star Road wastewater line alternative route, and some modifications to the plant layout. Staff is reviewing the supplemental information.

**Issues Workshop** – Staff held a biology issues workshop on February 25, 2000 in Chula Vista. The applicant discussed its plans for submitting a report addressing the impact of NOx emissions, if any, on the habitat for the endangered Quino checkerspot butterfly. This report will be submitted to the U.S. Fish and Wildlife Service (USFWS) and the Energy Commission. Energy Commission staff discussed the applicant's progress on a draft of a Biological Resources Mitigation Implementation and Monitoring Plan, which is required by the Commission staff and the USFWS. San Diego County staff discussed the findings needed to determine compliance with the County's Multiple Species Conservation Plan (MSCP). The USFWS and California Department of Fish and Game staffs will coordinate their impact assessment and mitigation work with the County's biology staff.

**Schedule** – Energy Commission staff discussed its proposed schedule with the Committee at the March 2, 2000 Status Conference in Chula Vista. We stated that the applicant had filed an AFC Supplement that day and that staff would need time to review the new material. We also stated that we would be able to file a complete Preliminary Staff Assessment (PSA) on May 1, 2000, assuming that the San Diego Air Pollution Control District's (District) Preliminary Determination of Compliance (PDOC) is released on March 15, 2000. The March 15 date now seems unlikely for a PDOC release, for reasons that are noted in the Air Quality discussion below. With the exception of the air quality area, staff believes that it has the information needed to complete and file a PSA by May 1. Staff would be able to file a preliminary air quality analysis 45 days from the release of the PDOC.

## Air Quality

The District staff has reviewed the AFC Supplement which it received on March 3, 2000 and has identified the need for some additional modeling. It will also need some time to incorporate the new information from the Supplement into draft PDOC analysis.

The applicant and San Diego Harbor Excursion discussed their Mobile Emission Reduction Credit (MERC) agreement at the March 2, 2000 Status Conference. San Diego Harbor Excursion is one of two fleet operators that will be involved in the

applicant's proposed MERC program. Completion and release of the PDOC is also contingent upon the District receiving a MERC agreement from the applicant and the other fleet that they have been negotiating with, and District receipt of the California Air Resources Board's (CARB) guidance letter on the applicant's proposed MERC program. Staff docketed a copy of the U.S. Environmental Protection Agency's guidance letter which arrived on March 15, 2000. Once CARB's guidance letter has been received the applicant will be able to file an application with the District for the other MERC source. Currently the District staff expects to release the PDOC on April 5, 2000.

Duke Energy North America, an intervenor, filed air quality data requests on March 8, 2000. Data responses are due on or before April 7, 2000.

#### Biological Resources

The biological resources permitting process has progressed since Status Report 3 was filed, with the applicant working to supply the USFWS with impact assessment information. The applicant has also responded to San Diego County's concerns regarding project conformance with the MSCP. Staff now has enough information to file a preliminary biological resources analysis by May 1, 2000.

#### Transmission System Engineering

The transmission items noted in Status Report 3 remain the same. San Diego Gas & Electric (SDG&E) reports that its Transmission Facilities Study (Study) will be completed in late April or early May. Staff will be able to complete a preliminary transmission system engineering analysis by May 1, based on a transmission facilities scenario such that the project includes construction of an Otay Mesa 230 kV substation, and reconductoring of the existing 230 kV Miguel-Tijuana line.

Staff will need to see the results of the Transmission Facilities Study and the California Independent System Operator's (Cal-ISO) comments before it can complete a Final Staff Assessment (FSA). Depending on the results of the Study and the Cal-ISO's comments, staff's conclusions in the FSA may be different than those in the PSA. If transmission system reinforcements in addition to an Otay Mesa substation and reconductoring the Miguel-Tijuana line are going to be needed, those reinforcement projects will need to be added to the project description through an AFC supplement. Staff plans to hold a PSA workshop on this topic to permit all interested parties to discuss the Study and their respective positions.

#### **Potential Issues –**

##### Local Infrastructure Needs

San Diego County will hold a public hearing on April 12, 2000 regarding adoption of sewer capacity fees and annual sewer service charges for the East Otay Mesa Sewer Maintenance District. The County staff also plans to devise a formula for determining fair share fees for road improvements and fire services in the East Otay Mesa area.

Gas Pipeline Capacity - The applicant reports that it will have a signed contract for a firm, continuous supply of natural gas from SDG&E. Staff is researching the status of the expansion project for the existing Rosarita power plant and the planned La Jovita power plant in Mexico. Depending on the status of these projects combined with the Otay Mesa project, we may raise an issue of cumulative impacts regarding the implications of SDG&E's existing limited pipeline capacity for the array of industrial users in the San Diego region.

**U.S./Mexico Border Coordination** –Staff had a conference call with EPA Region IX staff on February 17, 2000 to discuss EPA's January 19, 2000 letter regarding assessment of the project's potential impact on Mexican citizens, the related potential for environmental justice issues, and relevant international treaties and agreements. EPA staff recommended that the Commission send formal letters to the Mexican federal government, State of Baja California, and City of Tijuana to describe the Otay Mesa project and invite their participation in the Commission's AFC process. These letters would confirm the project notification that has already occurred through EPA staff's regular communication with staff at its Mexican federal counterpart, National Institute of Ecology, and the binational Border Coastal Alliance. Eileen Allen will work with Kristen Aliotti of the Governor's Office staff on the appropriate format for these letters.

**Comision Federal de Electricidad (CFE) Coordination** - CFE staff is interested in a visit to the Sacramento/Folsom area sometime during the next few months. The purpose would be to see the Energy Commission, the Capitol, and the Cal-ISO operation. Eileen Allen will work with the Executive Office and Committee on details of an Energy Commission tour, coordinate with the Governor's Office staff regarding details of a Capitol tour, and coordinate with Larry Tobias of the Cal –ISO staff regarding a tour of the Folsom ISO facility. There has been no activity on this item since Status Report 3. Eileen Allen hopes to work on the details of a CFE visit during the remaining weeks in March.

cc: Otay Mesa Generating Project Proof of Service List  
Stella Caldwell, San Diego County Department of Planning and Land Use  
George Ream, San Diego County Public Works Department  
Arthur Carbonell, San Diego Air Pollution Control District  
Gjon Hazard, U.S. Fish and Wildlife Service  
David Lawhead, California Department of Fish and Game  
Chris Gallenstein, California Air Resources Board  
David Wampler, U.S. Environmental Protection Agency  
Gerardo Rios, U.S. Environmental Protection Agency  
Kristen Aliotti, Office of California-Mexico Affairs, Trade & Commerce Agency  
Larry Tobias, California Independent System Operator