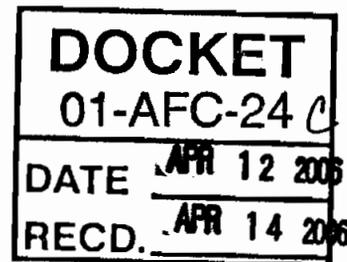


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET  
SACRAMENTO, CA 95814-5512



STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION



In the Matter of: )  
 PALOMAR ENERGY CENTER ) Docket No. 01-AFC-24C  
 PROJECT )  
 )  
 )  
 SDG&E ) Order No. 06-0412-02  
 ) ORDER APPROVING a Petition to Allow the  
 ) Use of Raw Water as a Back-up Supply to  
 ) Recycled Water

Palomar Energy, LLC, predecessor to SDG&E, the current owner/operator of the Palomar Energy Center (PEC), has requested approval to allow the project to utilize the City of Escondido’s back-up raw water supply when recycled water is unavailable due to maintenance or events beyond the City’s control.

Potential impacts of raw water use at the facility will be mitigated by contributions to water conservation programs consistent with State Water Resources Control Board Policy and the Energy Commission’s 2003 Integrated Energy Policy Report.

**STAFF RECOMMENDATION**

The Energy Commission staff reviewed the petition and finds that it complies with the requirements of Title 20, Section 1769(a) of the California Code of Regulations and recommends approval of Palomar Energy, LLC’s petition to amend Condition of Certification Soil&Water 5.

**ENERGY COMMISSION FINDINGS**

Based on staff’s analysis, the Energy Commission concludes that the proposed changes will not result in any significant impact to public health and safety, or the environment. The Energy Commission finds that:

- o The petition meets all the filing criteria of Title 20, section 1769(a) of the California Code of Regulations concerning post-certification project modifications;
- o The modification will not change the findings in the Energy Commission’s Final Decision pursuant to Title 20, section 1755;
- o The project will remain in compliance with all applicable laws, ordinances, regulations, and standards, subject to the provisions of Public Resources Code section 25525;

- The change will be beneficial to the project owner because the modifications will enhance reliability of the PEC.
- There has been a substantial change in circumstances since the Commission certification justifying the change. In 2004, well after the Commission's Decision in August 2003, the project owner became aware of upsets at the water treatment facility that adversely affected the facility's treatment processes.

## CONCLUSION AND ORDER

The California Energy Commission hereby adopts Staff's recommendations and approves the following changes to the Palomar Energy Center's Decision.

Deleted text is shown in strikethrough; new text is shown in double underline.

**SOIL&WATER 5:** The ~~PEP~~ PEC shall use recycled water for cooling tower makeup, process water, landscape irrigation and all other non-potable uses. If recycled water is unavailable due to maintenance or events beyond the control of the City of Escondido (City), the PEC may use raw water supplied from the emergency backup water supply system operated by the City. The project owner shall notify the CPM immediately whenever raw water is used. The project owner shall provide reports detailing the duration of outages and quantities of water used to the CPM. Raw water shall not be used for more than seven consecutive days or 20 days in a calendar year without CPM approval.

Following each instance of raw water use, a fee of \$522 per acre-foot of water used during the outage (from the time of notification by the City that raw water has entered the system to the time of notification that its delivery has ceased) shall be paid to a water conservation program. The mitigation fee shall be adjusted annually consistent with the annual adjustment of the compliance fee described in Public Resources Code Subsection 25806(b).

The ~~PEP~~ PEC shall comply with all Title 22 California Code of Regulations requirements while using either source of water.

**Verification:** At least 60 days prior to the start of construction of the water supply system, the project owner shall submit to the CPM its water supply system design demonstrating compliance with this condition. Those required features shall be included in the final civil design drawings submitted to the CBO as required in Condition of Certification CIVIL 1. Approval of the final design of the water supply and treatment system shall be obtained prior to the start of construction of the systems.

The CPM shall be notified in writing within 24 hours of any time raw water is delivered to the recycled water system, and shall be notified again when raw water delivery has ceased. Upon notification by the City of the delivery of backup water, the project owner shall record the amount used in acre-feet (to at least two decimal places) and the duration of use in hours. Following notification that raw water delivery has ceased, an event report shall be provided to the CPM within 30 days identifying the cause of the interruption of recycled water, any efforts

April 12, 2006

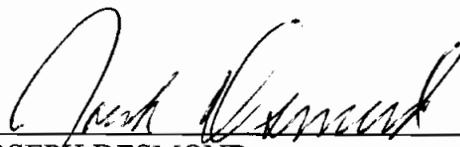
Page 3

underway to remedy the cause, the duration of the outage, the amount of water used and evidence that funds were deposited with the San Diego County Water Authority conservation program, or other, CPM-approved conservation program. If raw water is approved for use beyond 7 consecutive days or 20 days in a calendar year, the project owner shall provide a weekly report to the CPM for as long as raw water use continues, including the amount used and progress by the City of Escondido towards restoring recycled water delivery.

**IT IS SO ORDERED.**

Date: April 12, 2006

STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

A handwritten signature in black ink, appearing to read "Joseph Desmond", written over a horizontal line.

JOSEPH DESMOND  
Chairman