FOSTER WHEELER ENVIRONMENTAL CORPORATION

June 7, 2001

Mr. Bob Eller
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

SUBJECT: Amendment to King City Energy Center (01-EP-6)

Dear Mr. Eller:

Please find attached an amendment to Calpine's King City Energy Center. This amendment relocates the project site to a new parcel contiguous to the existing King City Co-Gen project site.

Thank you for your time and attention to this issue.

Sincerely,

Leo Sicuranza

Leo Sicuranza
Senior Consultant

Enc: Original and 12 copies

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1.0 Introduction

1.1 Overview of Amendment

The purpose of this amendment is to relocate the site of the King City Energy Center (KCEC) project. On May 7, the California Energy Commission approved the King City Energy Center project. Due to the fast-track nature of the 21-day permitting process, Calpine was in negotiations with the landowner to modify the existing Calpine lease allowing for the power plant, simultaneously with the permitting of the project. Unfortunately, the required changes to the existing lease could not be implemented on a schedule, which would support the planned completion of the new peaker project.

Calpine has identified another parcel, which is located adjacent to the existing King City Co-Gen Plant. The 8.04-acre site is owned by the King City Community Development Agency. Calpine has been in negotiations with the Community Development Agency to use this parcel for the project. On June 12th, the City Council for King City will consider for approval the "Disposition and Development Agreement (DDA)" between King City and Calpine for this parcel.

The relocation of the site will modify several features of the project, compared to the project approved by the CEC. These include: source of water supply and discharge, location of linear facilities, and ammonia supply. Specifically, water for the project will now be provided by the California Water Service Company "Cal Water," a private entity, which serves water to King City. The water will be supplied through the interconnection to an existing pipeline located in Don Bates Way. Wastewater will be discharged directly to the city sewer system. A wastewater discharge pipeline will be construction, which will extend from the north side of the site through a city owned easement. Natural gas will be provided through the construction of a new 2000-foot pipeline, which will be located along Airport Road. The electric transmission interconnection will be through a new 1100-foot 60kV transmission tie, along Airport Road. The project will now have its own aqueous ammonia tank. The 10,000 gallon tank will be located on the east side of the site.

These features are discussed in more detail under Section 2 of this Amendment. It is important to note that regardless of these project changes, Calpine is still committed to meeting the commercial operation date of September 30, 2001.

The Amendment provides the appropriate information and environmental analysis on the new King City Energy Center site. Calpine believes that this Amendment demonstrates that this modification does not result in a significant impact to the environment. The Amendment also contains information to ensure that the project complies with all laws, ordinances, regulations, and standards (LORS) and will comply with the California Energy Commission's Conditions of Certification for the project.

1.2 Summary of Environmental Impacts

Section 1769 (a)(1)(E) of the CEC Siting Regulations requires that an analysis be conducted that addresses the impacts the modification might have on the environment and proposed measures to mitigate any significant adverse impacts. In addition, Section 1769 (a)(1)(F) of the Siting Regulations requires a discussion of the impacts the modification might have on the project's ability to comply with applicable laws, ordinances, regulations, and standards (LORS). Section 3.0 of this Amendment includes a discussion of the potential environmental impacts of the new project site, as well a discussion of the consistency of the modification with LORS. Section 3 concludes that there will be no significant environmental impacts associated with the Amendment and that the project as amended will comply with applicable LORS.

1.3 Consistency of Amendment with License

Section 1769 (a)(1)(D) of the CEC Siting Regulations requires a discussion of the Amendment's consistency with the LORS and whether the modifications are based upon new information that changes or undermines the assumptions, rationale, findings, or other bases of the final decision. If the project is no longer consistent with the license, an explanation why the modification should be permitted must be provided. The proposed relocation of the KCEC site is consistent with the applicable laws, ordinances, regulations, and standards. In addition, the relocation of the site is not based upon new information that changes or undermines the bases for the final decision. The relocation of the site is beneficial since it will allow the project to move forward and provide much needed electricity.

2.0 Description of Project Amendment

Consistent with California Energy Commission Siting Regulations Section 1769 (a)(1)(A) and 1769(a)(1)(B), this section includes a complete description of the project modification and the necessity for the amendment.

2.1 Description of Site Location

Calpine is relocating the site to a parcel of approximately 8.04 acres that is contiguous to the eastern boundary of the Calpine lease land. See Figure 2-1 for the location of the new site and modified routes of the linear facilities. The project site is bound on the south by former agricultural land and Don Bates Way cul-de-sac, on the east by a Gilroy Food's truck terminal/warehouse, on the north by Airport Road, and on the west by former agricultural fields. The new site is previously disturbed. Access to the site will be from Don Bates Way. The relocation of the site will modify several features of the project, when compared to the project approved by the CEC. This includes: water supply and discharge, aqueous ammonia, gas interconnection, and electrical interconnection. These are discussed in more detail below.

The project as licensed was to use well water through a connection to the existing power plant's water supply system. The wastewater discharge was to be disposed of through a connection to the King City Co-Gen plant and then sent to Gilroy Foods for discharge to the city under an existing discharge permit. With the relocated site, water for the project will now be provided by the California Water Service Company, "Cal Water," a private entity, which serves water to King City. Cal Water has indicated a willingness to serve the project. The pipeline connection for water will be adjacent to the new site.

Wastewater will be discharged directly to the city sewer system through an interconnection in Metz Road. A new 8 inch sewer line will be constructed that will extend north from the project site through a city owned 30' easement. At Metz Road, the sewer line will interconnect into an existing city sewer pipeline.

As proposed in this amendment, the project will interconnect to PG&E's natural gas transmission system through a new 1000-foot, 10-inch diameter pipeline which will tie into an exisitng PG&E natural gas pipeline located in the intersection of Airport Road and Metz Road. The pipeline will exit the north side of the project site. It will then head northwest along Airport Way until it interconnects with an existing PG&E natural gas pipeline.

The project as licensed, interconnected to PG&E's electric transmission system through a radial tie to the existing 60-kV lines located in the northwest corner of the Co-Gen facility. As proposed, the project will interconnect through a new approximately 1100-foot transmission line. The transmission line will exit the project site on the northwest side. It will then head northwest along the south side of Airport Road until it

interconnects at an existing transmission pole approximately 200 feet east of the intersection of Airport Road and Metz Road.

Lastly, the project as licensed was to utilize the existing anhydrous ammonia tank located at the King City Co-Gen site. With the relocated site however, a 10,000 gallon aqueous ammonia tank will be installed on the new site to serve the project. The tank will contain 19% aqueous ammonia. Aqueous ammonia will be delivered to the site approximately twice a month.

2.2 Necessity of Proposed Change

Section 1769(a)(1)(C) of the CEC Siting Regulations requires a discussion of the necessity for the proposed changes and whether the changes are based on information that was known by Calpine during the approval process. Calpine's decision to relocate the generation site and associated linear interconnections was made based on circumstances, which occurred after the CEC approved the King City Project application. Specifically, based on the current status of negotiations with the underlying landowner. Calpine has determined that the required changes to its existing lease allowing the use of a new power plant, cannot be implemented on a schedule which would support the planned completion of the new peaker project. Calpine is now proposing that the project site be relocated to the property owned by the King City Community Development Agency

3.0 Environmental Analysis of the Proposed Changes

The proposed changes to the project set forth in this Amendment will result in no significant environmental effects as discussed in the environmental resource sections below. The effects of constructing and operating the proposed project would be essentially the same as those described in Calpine's application for approval under the 21-day application.

3.1 Air Quality

The project will use the same BACT emission controls and burn natural gas as its only fuel as approved by the Commission. The relocation of the project to a contiguous site will not result in any changes to the project's effect on air quality as previously discussed in Calpine's application for approval under the 21-day process.

3.2 Noise

The project as approved would not have any significant effect on the closest sensitive receptors. As proposed, the project will now be located further away from these receptors and will have no significant impact. The proposed project will not result in any changes to the project's noise effects as described in Calpine's application for approval under the 21-day process.

3.3 Hazardous Materials

As approved the project would use anhydrous ammonia to control NOx emissions to meet BACT requirements. This would be supplied through piping connected to the anhydrous ammonia tank located at the King City Co-Gen. As proposed, the project will utilize a stand-alone 19% aqueous ammonia system located on the new site. Use of aqueous ammonia will not result in any changes to the effects of storing and using hazardous materials as described in Calpine's application for approval under the 21-day process.

3.4 Biological Resources

The project will utilize the same biological resource mitigation as approved by the Commission. The relocation of the project and modification to the linear facilities will not change any project effects on biological resources as previously discussed in Calpine's application for approval under the 21-day process.

3.5 Land Use, Zoning and Planning

The project as proposed in located in the same land use designation, has the same zoning, and is consistent with plans to use the area for industrial development, as the approved project. The proposed project will have no changes to land use, zoning, and planning from those described in Calpine's application for approval under the 21-day process. Calpine will be submitting an new application to the FAA for the relocated site.

3.6 Public Services

The proposed project will still be provided fire protection from the King City Fire Department as described in the City's ability to serve letter (Appendix E) contained in Calpine's application for approval under the 21-day process.

3.7 Traffic & Transportation

The project as proposed would be accessed by way of the same roads as would the approved project and would utilize the same traffic plan. However, immediate access to the site will now be from Don Bates Way. Calpine will obtain city encroachment permits for pipeline construction within or adjacent to city streets. The proposed project would result in no changes from those described in Calpine's application for approval under the 21-day process.

3.8 Soils & Water Resources

Calpine will develop a SWPPP plan for the proposed site that will implement all of the project's storm water protection plans as approved by the Commission. The proposed project will utilize ground water provided by Cal Water. Cal Water has indicated a willingness to serve the project. The project as proposed will have the same effect on soils and water resources as described in Calpine's application for approval under the 21-day process.

3.9 Cultural Resources

The approved project was located in an area with low possibility of encountering buried cultural resources. The proposed project and modified routes for the linear facilities are located on contiguous land and has the same low potential to impact cultural resources. Calpine is committed to have a cultural resource specialist available to inspect any buried cultural resources that might be uncovered on the site. The proposed project will have the same effect on cultural resources as described in Calpine's application for approval under the 21-day process.

3.10 Paleontological Resources

The approved project was located in an area with low possibility of encountering paleontological resources. The proposed project and modified routes for the linear facilities are located on contiguous land and have the same low potential to impact paleontological resources. Calpine is committed to have a paleontological resource specialist available to inspect any buried paleontological resources that might be uncovered on the site. The proposed project will have the same effect on paleontological resources as described in Calpine's application for approval under the 21-day process.

3.11 Visual Resources

The proposed project would use equipment and structures that are visually identical to those employed in the approved project. Relocating the project to a site further away from the nearest residences and further back from Metz Road should reduce the visibility of the project. The proposed project would have the effects on visual resources as described in Calpine's application for approval under the 21-day process.

3.12 Laws, Ordinances, Regulations, and Standards

The Commission Decision certifying the project concluded that the project is in compliance with all applicable LORS. As shown above, the potential impacts from this Amendment will be equal to or less than the impacts analyzed in the Commission Decision.

Because the modification set forth in this Amendment is also consistent with all applicable LORS, the Amendment will not alter the assumptions or conclusions made in the Commission Decision.

4.0 Proposed Modifications to the Conditions of Certification

Consistent with the requirements of the CEC Siting Regulations Section 1769 (a)(1)(A), this section addresses the proposed modifications to the project's Conditions of Certification.

As a result of the relocation of the project site, one Condition of Certification must be amended to reflect the project's use of aqueous ammonia. The Condition of Certification and proposed language change is listed below.

HAZ-1 The project owner shall not use any hazardous material in reportable quantities except those identified by type and quantity in the Application for Certification <u>and Amendment 1,</u> unless approved by the CPM

The verification language remains the same.

5.0 Potential Effects on the Public

Consistent with the requirements of the CEC Siting Regulations Section 1769 (a)(1)(G), this section addresses the proposed Amendment's effects on the public.

The proposed modification relocates the project site to another parcel approximately east of the original site. The relocation results in the project being further away from residences, thus reducing the project's effect on the public.

6.0 List of Property Owners

Consistent with the CEC Siting Regulations Section 1769(a)(1)(H), this section lists the property owners affected by the proposed modification:

The property owners are the same as those identified in the application for the project Calpine filed in April 2001.

7.0 Potential Effects on Property Owners

Consistent with the CEC Siting Regulations Section 1769(a)(1)(I), this section addresses potential effects of the proposed Amendment on nearby property owners, the public, and parties in the application proceeding.

This modification will not result in any changes to the effects on property owners, the public, and parties in the application proceeding as described in Calpine's application for approval under the 21-day process.