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February 1, 2008

File No. 030137-0012

DOCKET
07-AFC-3
DATE FEB 01 2008
RECD. FEB 04 2008

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 07-AFC-3
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

Re: CPV Sentinel Energy Project: Docket No. 07-AFC-3

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's Status Report #2.

Please note that the enclosed submittal was also filed today via electronic mail to your attention.

Very truly yours,

Paul Kihm

Paul E. Kihm
Senior Paralegal

Enclosure

cc: Michael J. Carroll, Esq. (w/ encl.)

OC\934887.1

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket No. 07-AFC-3
	)	
Application for Certification,	)	APPLICANT'S STATUS REPORT #2
for the CPV SENTINEL ENERGY PROJECT	)	
by CPV Sentinel, LLC	)	
	)	
	)	

Applicant hereby submits its Status Report #2.

Water Supply Plan

On December 21, 2007, California Energy Commission ("CEC") staff sent a letter to Applicant expressing reservations about whether or not the project's water supply plan, as set forth in the Application for Certification ("AFC"), complied with existing policy regarding the use of fresh inland water for cooling. In response, and without conceding that the initial proposal fails to comply with existing policy, Applicant is in the process of developing an alternative water supply plan to address concerns raised by staff. Applicant discussed the alternative water supply plan in general terms with staff and other parties during an issue resolution workshop on January 24, 2008. Applicant is in the process of developing a supplement to the AFC that will explain the alternative water supply plan in detail, and expects to submit the supplement within the next two to three weeks.

Preliminary Determination of Compliance

Applicant has been in regular communication with the South Coast Air Quality Management District ("SCAQMD") regarding the status of the Preliminary Determination of Compliance ("PDOC") for the project. While SCAQMD staff has not provided a firm date for issuance of the PDOC, Applicant notes that general issues pertaining to the implementation of SCAQMD Rule 1309.1 – Priority Reserve have recently been resolved, and the SCAQMD has begun to issue PDOCs and Final Determinations of Compliance for other projects in the queue. SCAQMD staff has indicated to CEC staff that it expects to issue determinations at a rate of one every two to three weeks. Based on this schedule, Applicant expects a PDOC for the project within the next four to six weeks.

Status of Litigation Related to SCAQMD Rule 1309.1 – Priority Reserve

Petitioners NRDC et al. filed two separate petitions for writ of mandate under the California Environmental Quality Act ("CEQA") challenging the SCAQMD's actions to grant certain proposed power plants access to a bank of emission offsets called the Priority Reserve.

The first petition challenged the SCAQMD's use of a CEQA exemption for thermal power plants, alleging that the exemption was not applicable and that SCAQMD should have prepared an Environmental Assessment ("EA") under their certified regulatory program to evaluate the potential environmental impacts of the SCAQMD's actions. So as not to exacerbate the current energy crisis in Southern California by delaying proposed power plants' access to the Priority Reserve, the SCAQMD prepared an EA. Accordingly, the first petition has since been dismissed as moot.

The second petition (Superior Court, County of Los Angeles - Central District, Case No. BS110792) challenges the adequacy of the EA. The petition was filed on August 31, 2007 and a trial date has been set for April 11, 2008. Petitioners opening brief was filed on January 22, 2008, with briefing expected to be completed by March 28, 2008. The hearing on the merits is scheduled for April 11. 2008. Also, Real Parties in Interest Inland Energy, Mojave Desert Air Quality Management District, and Antelope Valley Air Quality Management District filed a demurrer to the petition based on failure to join indispensable parties. This demurrer could resolve this litigation; the court is scheduled to hear this demurrer on February 26, 2008.

Discovery Status

Please see the attached table summarizing the status of Applicant's responses to pending data requests.

DATED: February 1, 2008

Respectfully submitted,

Michael J. Carroll
of LATHAM & WATKINS LLP
Counsel to Applicant

SENTINEL ENERGY PROJECT
Data Requests Tracking Table

February 1, 2008

Data Requests # and Text	Status
17. Please provide written confirmation from Riverside County as to whether the project would need a conditional use permit or any other land use entitlement from Riverside County but for the exclusive authority of the Energy Commission.	Applicant submitted a Public Use Permit application to Riverside County on November 9, 2007 in order to fund the County's evaluation of the project on an advisory basis. Applicant representatives also met with County staff on November 14, 2007 to review the Energy Commissions data requests. The County's evaluation of the project is still pending. Applicant left voicemails with County staff on January 25, 2008 and January 30, 2008 checking on status.
18. If the project would need a conditional use permit, please provide the conditions, if known, that Riverside County would place on the project or provide a timeline as to when these conditions would become available to staff.	Same as DR 17
19. Please provide Riverside County's position on the proposed project's consistency with its General Plan and Zoning Ordinance.	Same as DR 17
20. Please provide written confirmation from Riverside County whether, in the County's opinion, a variance could be granted and if so, what conditions Riverside County would require were it the permitting agency.	Same as DR 17
24. Please provide a copy of the final executed Large Generator Interconnection Agreement (LGIA) between the CPV Sentinel owner and the California ISO.	LGIA not yet executed.
25. Provide SCE's Operational study report based on CPV Sentinel's net 850 MW generation output under 2010 system conditions to assess potential impacts on the grid with a selected mitigation plan.	Same as DR 24
37. Please provide a copy of the final construction SWPPP.	To be submitted prior to construction.
39. Please provide a will-serve letter or letter of intent for each transfer and exchange of water associated with this project.	Outstanding. Affected by development of alternative water supply plan.

Data Requests # and Text	Status
42. Please discuss in detail the reliability for recharging the water supply to the Sub-basin from sources including CRA water, SWP water, and recycled water. This detailed discussion should include: a) The amount of SWP water required for exchange of CRA water. b) The amount of CRA water, SWP water, and recycled water that can obtained reliably on a month-to-month and year-to-year basis. c) Citations from the CRA, SWP, and other water agency planning documents to support the Item 'b' conclusions. d) The DWA's estimated annual delivery over the life of the project, based on the DWR's 2005 Final State Water Project Delivery Reliability Report. e) Data documenting all of the historical deliveries to the Sub-basin over the last 10 years. f) The effect of the following on the available water supply over the life of the project: (1) the recent Ninth Circuit Court ruling; (2) single dry and multiple dry years; and (3) increased water supply demand as the regions population and economy grow.	Outstanding. May be rendered moot by alternative water supply plan.
50. Please provide a description of the site-specific hydrologic and geologic conditions of the Horton WWTP percolation site. The purpose of this request is to obtain information necessary to assess the hydrologic effect of the percolation. Please include the following information: b) Outline the current and future service area of the WWTP on an appropriately scaled map. d) Discuss the legal authority of the MSWD to sell wastewater on a retail basis and for the project. e) Include a surface map of an appropriate scale of the site(s) location and a description of current recharge rate, recharge capacity, hydrology, and hydrogeology. f) Identify the underlying aquifer formations using geologic cross-section(s). j) Historical monthly irrigation records and/or average monthly irrigation rates (provide monthly breakdown of supply sources if reclaimed water is not sole source).	Some information requested from MSWD remains outstanding. May be rendered moot by alternative water supply plan.

Data Requests # and Text	Status
k) Please discuss the volume of wastewater expected to be produced during 2007 and 2008 and how much of that water will be used for groundwater recharge through percolation.	

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket No. 07-AFC-3
	)	
Application for Certification, for the CPV SENTINEL ENERGY PROJECT	)	**ELECTRONIC PROOF OF SERVICE LIST**
	)	
	)	(October 15, 2007]
	)	

☒ Transmission via electronic mail and by depositing one original signed document with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the following:

DOCKET UNIT

CALIFORNIA ENERGY COMMISSION
Attn: DOCKET NO. 07-AFC-3
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

☒ Transmission via electronic mail addressed to the following:

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DECLARATION OF SERVICE

I, Paul Kihm, declare that on February 1, 2008, I deposited a copy of the attached:

APPLICANT'S STATUS REPORT #2

with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the California Energy Commission. I further declare that transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service List above.

I declare under penalty of perjury that the foregoing is true and correct. Executed on February 1, 2008, at Costa Mesa, California.

Paul Kihm