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State Of California

The Resources Agency of California

Memorandum

To: John L. Geesman, Presiding Member
Jackalyne Pfannenstiel, Associate Member

Date: May 26, 2006
Telephone: (916) 651-8853
File: 05-AFC-3

From: California Energy Commission - Robert Worl
1516 Ninth Street
Sacramento, CA 95814-5512
Siting Project Manager

Subject: **STATUS REPORT #2 FOR THE SUN VALLEY ENERGY PROJECT (05-AFC-3)**

In its Scheduling Order dated March 6, 2006, the Committee determined that there are a series of events that must occur at intervals for the project to be able to meet the 12-month schedule which began on February 1, 2006 with the Energy Commission's determination that the project was data adequate.

Data Requests

Energy Commission staff issued two sets of data requests to the applicant. Set 1, Data Requests 1-80, was issued March 15, 2006, covering all topics except Soils and Water; Set 2, Data Requests 81-90, covering Soils and Water, was issued by staff March 30, 2006. Data Responses for Set 1 were received on April 17, 2006, and Data Responses for Set 2 were received on May 1, 2006.

Data Response and Issues Resolution Workshop

Staff held a Data Response and Issues Resolution workshop April 25, 2006, at the Eastern Municipal Water District headquarters facility in Perris. This workshop provided an opportunity for parties to discuss all topics, and specifically the data responses from Set 1, and the status of the issues identified in the Issues Identification Report filed on February 21, 2006, focusing on air quality mitigation. Information was exchanged clarifying points of the Data Responses for Air Quality, Biology, Cultural Resources, Land Use, Traffic and Transportation, Public Health and Visible Plume. The applicant and staff agreed that points requiring further clarification based on workshop discussions would be provided in an additional filing. Among these areas was modeling information for the cooling towers that was found to be inaccurate. This has been corrected informally, and will be included in the filing of additional information expected by May 30, 2006. Additionally, a discussion of the applicant's plans to conform the current parcels upon which the project is to be built to zoning requirements of Riverside County provided clarification for participants regarding necessary next steps. With the possible exception of Soils and Water, and Air Quality, there is no need for an additional workshop prior to the Preliminary Staff Assessment's release.

Romoland School District

The Romoland School District has been admitted as a formal intervener in the SVEP process. The School District participated in the workshop through the attendance of Roland Skumawitz, Superintendent, and Dwayne Mears of the Planning Center, a consultant to the School District. Information was presented and questions asked

regarding school activities and timing, proximity to certain linear facilities associated with the project including transmission lines, natural gas, recycled water and the non-reclaimable water discharge pipelines. Additionally, the School District asked questions regarding hazardous materials transport and storage. Staff and the applicant felt that the information exchange with the school district was very helpful. Staff, in a May 24, 2006 letter, is requesting additional information from the School District and plans to address specific concerns in the appropriate technical sections of our PSA.

Federal, State and Local Agency Comments

The March 6, 2006, Scheduling Order states that the information and/or comments requested of federal, state and local agencies may impact the schedule of subsequent stages of the staff's analysis. To date we have received comments from the California Air Resources Board regarding the Health Risk Assessment suggesting that some modeling be completed using recently updated protocols. The County of Riverside will provide comments through action on an Advisory Conditional Use Permit applied for by the applicant, and this information is expected in early June, 2006. South Coast Air Quality Management District indicated at the Workshop that their Preliminary Determination of Compliance would be issued after the District's rule change is completed.

South Coast Air Quality Management District

The timing and the content of a project air quality mitigation plan awaits results from the proposed rule changes for the South Coast Air Quality Management District's (District) Priority Reserve Program. The rule change, initially scheduled to be completed at the District's Executive Board meeting on July 7, 2006, is delayed until at least early September 2006. A workshop on the District's revisions to Rule 1309.1 is tentatively scheduled for early June, 2006. District representatives attending our data response workshop clarified key elements regarding the RECLAIM program, and the Priority Reserve Program as planned. The District agreed with staff that a measure of due diligence in acquiring emission reduction credits would be required prior to entry into the Priority Reserve Program, as well as for completion of the Final Determination of Compliance that would precede the Final Staff Assessment for air quality and public health.

Staff will not receive all the information required for completion of the preliminary staff assessments for all technical areas by June 1, 2006. Staff, at this time, expects that the information needed for all areas except Air Quality will be available by mid-June, 2006, and there remain unresolved questions regarding the District's rule change process and schedule.

Schedule

The March 6, 2006 Scheduling Order issued by the Committee for the SVEP indicated a PSA publication date of "PDOC plus 30 Days", with an expectation that the District's rule change process was on schedule for completion by July, 2006. Staff now knows that the

rule change process at the District is delayed until at least early September, 2006. Additionally, we are expecting an Advisory Conditional Use Permit evaluation from Riverside County, expected in mid-June, 2006. Staff and the applicant have had discussions regarding the potential for bifurcation of the Preliminary Staff Assessment by publishing, all subject areas except air quality and public health which would be published at a later date. The Siting Office is expecting that new projects will be filed in June and July that could create conflicting demands on staff time if all areas of the PSA/FSA are held awaiting the District's rule making. Staff is not recommending bifurcation at this time as we are awaiting information from the applicant and Riverside County, as well a clarification from the District regarding the Rule 1309.1 rule change plan. More information will be available for the June, 2006, Status Report #3, and the potential advantages of bifurcation will be reviewed.

cc: Docket (05-AFC-3)
Proof of Service List