Valle del Sol Energy LLC
18101 Von Karman Ave, Suite 1700, Irvine, CA 92612

August 3, 2006

Cindy Bohn, President
Irene Harris, Clerk
Gerard "Gary" Reller, Member
Byron "Roy" Yost, Member
Mr. Roland Skumawitz, Superintendent
Romoland School District
25900 Leon Road
Homeland, California 92548

DOCKET
05-AFC-3
DATE AUG 3 2006
RECD. AUG 7 2006

Subject: ***Romoland School District Letter regarding Sun Valley Energy Project (SVEP)***

Valle Del Sol Energy LLC, a wholly owned subsidiary of Edison Mission Energy, has received a letter from Mr. Skumawitz to the California Energy Commission dated June 6, 2006 and docketed on June 8, 2006. The purpose of this letter is to provide information in response to the issues raised by Mr. Skumawitz and to ask some follow-up questions to help us address any legitimate concerns.

TRAFFIC

Mr. Skumawitz asserts that construction and operation of the SVEP will result in truck traffic that will pose a safety hazard to schoolchildren that are walking to school. Valle Del Sol will work cooperatively to ensure that traffic associated with SVEP does not pose such safety hazards. However, in order to assess the potential impacts and develop appropriate mitigation, we will need the following information:

1. How many students walk from locations west of I-215 to Romoland Elementary School and what times of day are they present?
2. How many students walk from locations south of Ethanac Road to Romoland Elementary School and what times of day are they present?
3. Please describe any hazardous incidents that have occurred to date involving schoolchildren walking to school associated with the construction of the Inland Empire Energy Center, and please describe what mitigation, if any, that project is providing?
4. Please describe what additional assistance is needed for the existing crossing guard at the intersection of Sherman and Ethanac Roads?

PROOF OF SERVICE (REVISED 3-3-6) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 8-8-6

AIR QUALITY

Response to Assertion 1

Mr. Skumawitz asserts that there are not enough emission reduction credits in the South Coast Air Quality Management District (SCAQMD) Priority Reserve to fully offset emissions from the SVEP. This assertion is incorrect and contrary to SCAQMD policies. SCAQMD is currently in the process of amending its Rule 1309.1 to provide access to the Priority Reserve by electric generating facilities like the SVEP. The analysis supporting the proposed Rule amendment clearly indicates that there will be sufficient credits available in the Priority Reserve to fund the offset needs of not only this project, but also several others.

While there is provision in Rule 1309.1 for SCAQMD to expand the Priority Reserve account of PM10 credits at a quarterly rate of 125 lbs/day as noted by Mr. Skumawitz, he is apparently unaware that as of June 2005 there were already more than 3000 lbs/day existing in the Priority Reserve account. SCAQMD has been accumulating these quarterly credit allocations since adoption of Rule 1309.1 in 1990. Additionally, Rule 1309.1 provides that the Executive Officer of SCAQMD can also transfer up to 1500 lbs/day of PM10 credits from SCAQMD's New Source Review account into the Priority Reserve should the PM10 credit balance fall below 500 lbs/day.

Before the California Energy Commission will issue a license for the SVEP, the project will need a Determination of Compliance (DOC) issued by SCAQMD. In addition, the SVEP will need an Permit To Construct (PTC) issued by SCAQMD before construction can begin. SCAQMD will not issue either the DOC or an PTC unless it specifically finds that the SVEP's emissions will be fully offset.

Funds received by the SCAQMD from the sale of Priority Reserve credits will be used by the SCAQMD to invest in additional emission reductions. Thus, Valle Del Sol will be purchasing the PM10 credits that are currently banked in the Priority Reserve and SCAQMD will be utilizing the payment received from Valle Del Sol to create additional PM10 reductions. So not only will SVEP completely offset its PM10 emissions with emission reductions currently banked in the Priority Reserve, it will be funding additional emission reductions.

Response to Assertion 2

Mr. Skumawitz asserts that use of offsets from the Priority Reserve does not provide direct mitigation to the area surrounding the project site. However, as demonstrated in our Application for Certification, the SVEP does not result in local air quality impacts requiring local mitigation. SVEP has performed a specific impact analysis at each of the Romoland School District local schools for PM10. The table below shows the results of the modeling analysis assuming all five of SVEP's turbines are operating at full load. The results of the air quality

modeling show that at each school, the maximum 24-hour and annual PM10 concentrations are less than "significance levels" established by the US Environmental Protection Agency (EPA). The SVEP's impacts at each school are also less than the even more stringent SCAQMD significance levels for PM10. "Significance level" means the concentration at which a substance is detectable above the background levels.

PM10 Concentrations for Sun Valley Energy Project, micrograms per cubic meter

	24-Hour Averaging Period		Annual Averaging Period	
Location	**Predicted Concentration**	**SCAQMD Significance Level [1]**	**Predicted Concentration**	**EPA Significance Level**
Romoland Elementary School	0.05	2.5	0.001	1.0
Harvest Valley Elementary School	0.25	2.5	0.003	1.0
Boulder Ridge Elementary School	0.20	2.5	0.007	1.0
Mesa View Elementary School	0.08	2.5	0.004	1.0

Note:
1. The SCAQMD PM10 significance level for 24-hour averages is 2.5 ug/m^3 while the EPA significance level is 5.0 ug/m^3. A microgram is about 2 billionths of a pound.

Since the modeled concentrations are less than the significance level at each of the schools, the SVEP's emissions of PM10 are considered under EPA and SCAQMD rules to be insignificant at each of the school sites.

Existing background concentrations of PM10 in the entire SCAQMD air basin currently exceed the state standards for these pollutants. This demonstrates an important fact in that PM10 is a regional pollutant and the attainment/non-attainment status is not unique to the project area. The Clean Air Act has established a program for evaluating potential new stationary sources and requiring offsetting on an air basin-wide basis because the Act recognized that the impacts from stationary sources contribute to regional air quality impacts. PM10 is recognized as a regional pollutant since the entire air basin is in non-attainment status. Any reduction of PM10 within the air basin has a net air quality benefit to the region. By requiring that new sources offset their emissions at a ratio of 1.2 times the project emissions, the SCAQMD rules provide a method in which the resulting decrease in basin wide emissions has a net air quality benefit.

Response to Assertion 3

Mr. Skumawitz asserts that there are ample opportunities to create emission reductions from local industrial sources. This is contrary to SCAQMD assertions in recent meetings in which Valle Del Sol representatives proposed some of the very concepts suggested by Mr. Skumawitz to develop new emission reduction

credits. Since emission reduction credits applications are scrutinized by the SCAQMD to ensure that real reductions are achieved, the creation of the types of new emission reduction credits identified by Mr. Skumawitz, have in SCAQMD's experience, been extremely difficult to realize. One of the main barriers to creation of the types of new credits identified is that there is a lack of emission data to demonstrate the actual emissions from these unregulated sources.

However, Valle del Sol will pay SCAQMD more than $27 million to purchase PM10 credits from the Priority Reserve, and SCAQMD has stated that they intend to use such mitigation fees to fund the same sorts of projects as those suggested by Mr. Skumawitz, including:

- Retrofit diesel powered school buses with particulate traps or oxidation catalysts;
- Replace existing diesel school buses with new alternative-fueled school buses (i.e. CNG engines);
- Repower off-road heavy-duty diesel equipment with new lower-emission diesel engines equipped with particulate traps;
- Replace portable diesel generators with microturbines;
- Provide low-sulfur diesel fuel to local passenger locomotives; and
- Expand LNG refueling infrastructure.

If local emission reduction credit opportunities become available to support the SVEP schedule, Valle Del Sol will evaluate its viability in light of the project objectives.

Sincerely,

Lawrence J. Kostrzewa
Managing Director, Development

c: Robert Worl, CEC
Doug Davy, CH2M Hill
Scott Galati, Galati & Blek
Jenifer Morris
Thomas McCabe

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION FOR THE SUN VALLEY ENERGY PROJECT (SVEP)	**DOCKET NO. 05-AFC-3** **(Revised 3/3/2006)**

PROOF OF SERVICE LIST

DOCKET UNIT

Send the original signed document plus the required 12 copies to the address below:

CALIFORNIA ENERGY COMMISSION
DOCKET UNIT, MS-4
*Attn: Docket No. **05-AFC-3**
1516 Ninth Street
Sacramento, CA 95814-5512
E-mail: docket@energy.state.ca.us

* * * *

In addition to the documents sent to the Commission Docket Unit, also send individual copies of any documents to:

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Revisions to POS List, i.e. updates, additions and/or deletions
SUN VALLEY ENERGY PROJECT Docket No. 05-AFC-3

INTERESTED AGENCIES

None listed as of 3/3/2006

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Roland Skumawitz, Superintendent
25900 Leon Road
Homeland, California 92548

DECLARATION OF SERVICE

I, Sharlene Hatch, declare that on August 8, 2006 I deposited copies of the attached Romoland School District Letter Regarding Sun Valley Energy Project (SVEP), in the United States mail at Sacramento, CA with first class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above. Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210.

I declare under penalty of perjury that the foregoing is true and correct.

Sharlene Hatch
[signature]

Revisions to POS List, i.e. updates, additions and/or deletions
SUN VALLEY ENERGY PROJECT Docket No. 05-AFC-3

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