

DOCKET

01-AFC-21C

DATE June 29 2009

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June 29, 2009

California Energy Commission
Docket Unit
1516 Ninth Street
Sacramento, CA 95814-5512

**Subject: TESTIMONY OF FONG WAN AND WILLIAM V. MANHEIM AND
TESTIMONY OF ANDREA GRENIER AND JERRY SALAMY FOR
TESLA POWER PROJECT DOCKET NO. (01-AFC-21C)**

Enclosed for filing with the California Energy Commission is the original copy of
**TESTIMONY OF FONG WAN AND WILLIAM V. MANHEIM AND TESTIMONY
OF ANDREA GRENIER AND JERRY SALAMY**, for the Tesla Power Project
(01-AFC-21C).

Sincerely,



Marie Mills

TESTIMONY

FONG WAN

WILLIAM V. MANHEIM

STATE OF CALIFORNIA

Energy Resources
Conservation and Development Commission

In the Matter of:

Application For Certification for the
Tesla Power Project; Request For
Extension

DOCKET NO. 01-AFC-21C

DECLARATION OF FONG WAN

I, Fong Wan, declare as follows:

1. I am the Senior Vice President -- Energy Procurement at Pacific Gas and Electric Company.
2. A copy of my professional qualifications and experience is included with the attached testimony and is incorporated by reference in this Declaration.
3. I prepared the attached testimony relating to PG&E's Request For Extension of the Tesla Power Project Certification (California Energy Commission Docket Number 01-AFC-21C).
4. It is my professional opinion that the attached prepared testimony is valid and accurate with respect to issues that it addresses.
5. I am personally familiar with the facts and conclusions related in the attached prepared testimony and if called as a witness could testify competently thereto.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct to the best of my knowledge and that this declaration was executed at San Francisco, CA on June 26, 2009.



Fong Wan

STATE OF CALIFORNIA
Energy Resources
Conservation and Development Commission

In the Matter of:

Application For Certification for the
Tesla Power Project; Request For
Extension

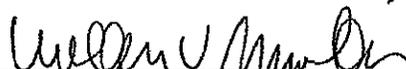
DOCKET NO. 01-AFC-21C

**DECLARATION OF WILLIAM V.
MANHEIM**

I, William V. Manheim, declare as follows:

1. I am the Senior Director and Counsel at Pacific Gas and Electric Company.
2. A copy of my professional qualifications and experience is included with the attached testimony and is incorporated by reference in this Declaration.
3. I prepared the attached testimony relating to PG&E's Request For Extension of the Tesla Power Project Certification (California Energy Commission Docket Number 01-AFC-21C).
4. It is my professional opinion that the attached prepared testimony is valid and accurate with respect to issues that it addresses.
5. I am personally familiar with the facts and conclusions related in the attached prepared testimony and if called as a witness could testify competently thereto.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct to the best of my knowledge and that this declaration was executed at San Francisco, CA on June 29, 2009.



William V. Manheim

I. Name: Fong Wan
William V. Manheim

II. Purpose:

Our testimony addresses questions 3 (a), (b), (c), (e) and (f) requested by the Siting Committee's Notice of Evidentiary Hearing and Committee Order dated June 9, 2009 associated with PG&E's request for extension of the License for Tesla Power Project.

III. Qualifications:

Fong Wan - I am the Senior Vice President – Energy Procurement for Pacific Gas and Electric Company (PG&E) and am responsible for gas and electric supply planning and policies, market assessment and quantitative analysis, supply development, procurement and settlement. I joined PG&E 1988 as a financial analyst, and spent six years in the financial planning and analysis organization. I then worked in the gas supply and electric transmission business units, before moving to PG&E Energy Trading in 1997. I served for four years as Vice President, Risk Initiatives for PG&E Corporation Support Services, Inc and was named Vice President, Power Contracts and Electric Resource Development at PG&E in May 2004. I was named Vice President, Energy Procurement in January 2006, and was promoted to his current position in October 2008.

William V. Manheim - I am a Senior Director and Counsel for Pacific Gas and Electric Company (PG&E). I oversee the Generation, Transmission and Supply Group in the Law Department. I am responsible for oversight and supervision of the attorneys working on the following legal and regulatory issues: electric procurement and planning, electric generation, renewable power, environmental policy, project permitting, electric and gas transmission ratemaking and energy markets and design. I have over 22 years experience in representing PG&E before the California Public Utilities Commission. I prepared PG&E's CPUC application for approval to construct the Tesla Power Project. I have also represented PG&E in the CPUC's Long Term Plan integrated resource planning proceedings.

To the best of our knowledge all referenced documents and all of the facts contained in this testimony are true and correct. To the extent this testimony contains opinions, such opinions are our own. We make these statements and provide these opinions freely and under oath for the purpose of constituting sworn testimony in this proceeding.

IV. Opinion and Conclusions

We have reviewed the Notice of Evidentiary Hearing and Committee Order dated June 9, 2009 and our Testimony addresses Questions 3 (a), (b), (c), (e) and (f).

Question 3 (a) What are the benefits, if any, of an extension to the Project Owner? To the ratepayers the Project would serve? To the general public?

Response to Question 3 (a)

PG&E is seeking an extension of the Project's construction deadline in order to help ensure cost effective and reliable service for its customers. The Tesla Power Plant is a permitted, site controlled gas-fired power plant opportunity that can be maintained in a "shovel ready" state at low cost. The CAISO has determined that Tesla Power Plant's proposed interconnection at Tesla substation will enhance California Independent System Operator (CAISO) system stability and reliability in the San Francisco Bay and Central Valley Areas. The Project is an excellent physical hedge against the risk of inadequate CAISO reserve margins due to unforeseen shortfalls in generation and transmission or demand growth beyond forecasted levels. Keeping a highly viable, economic generation resource opportunity in "cold stand-by" until it is needed helps mitigate and manage electric supply risk for PG&E's customers, the CAISO regional grid and California's economy.

Question 3 (b) What are the harms, if any, of an extension to the ratepayers the Project would serve? To the general public?

Response to Question 3 (b)

PG&E is not aware of any harm that would result if the construction deadline for the Tesla Power Plant were to be extended. As discussed in accompanying testimony, PG&E understands that, if development were to proceed, the Project would be updated to reflect current environmental standards. The updating process would be streamlined as compared to requiring the Project Owner to start from scratch

with the filing of a new application and would result in a more efficient and cost-effective use of the Commission's resources.

Question 3 (c) What are the reasons for the requested extension? Is the failure to meet the construction deadline due to factors beyond the Project Owner's control?

Response to Question 3 (c)

PG&E requests the extension because the CPUC did not authorize PG&E to proceed with the development of Tesla Power Plant prior to the CEC construction deadline. Under the CPUC's Long Term Plan Process, PG&E is required every two years to submit a Long Term Plan that identifies retail customer demands during the planning horizon. If a need is identified, the CPUC evaluates how that need should be met, in accordance with the State's approved Preferred Loading Order for resources. PG&E's authority to develop the Tesla Power Plant is subject to CPUC approval. Such approval determines if the Tesla Power Plant is the preferred resource to fill that need.

PG&E acquired the Tesla Power Plant as a replacement resource for several generation projects that had been selected in its 2006 Long Term Request for Offers (LTRFO) and had been cancelled or significantly delayed. At the time of the acquisition, PG&E believed that the Tesla Power Plant was needed for reliability to replace the cancelled or delayed projects from its 2006 LTRFO and that Tesla Power Plant was the most economic and viable replacement alternative available to PG&E's customers. The CPUC denied PG&E's application on the grounds that it failed to demonstrate that it was unable to conduct a general auction to seek replacement generation. PG&E therefore decided to replace the cancelled generation through supplemental purchases in its on-going 2008 LTRFO.

While PG&E was unable to obtain CPUC authorization to construct the Tesla Power Plant by the current CEC construction deadline, it remains a

viable, economic alternative for PG&E's customers and the CPUC, in its discretion, will determination whether and when the Project will proceed.

Question 3 (e) Will the Project Owner have the financial ability to build the Project if an extension is granted?

Response to Question 3 (e)

PG&E has the financial ability to build the project. PG&E Corporation's 2008 financial statement specifies over \$40 billion in assets. PG&E's overall capital spending in 2008 was \$3.7 billion and its infrastructure investment plans call for PG&E to invest from \$3.5 to \$4 billion per year over the 2008 to 2011 timeframe. As a regulated utility, PG&E has an obligation to serve its customers and is authorized to recover in rates its reasonable costs of service.

Question 3 (f) What plans does the Project Owner have to market the Project to other power plant developers?

Response to Question 3 (f)

PG&E's current plan is to have the Project classified as "Plant Held For Future Use" in its 2011 CPUC General Rate Case. This will authorize PG&E to recover in rates the carrying costs associated with the asset until a decision is made about its development or disposition.

PG&E will address the issue of the development of the Tesla Power Project in its next Long Term Plan to be filed at the CPUC in early 2010. After the close of its 2008 LTRFO (which is expected to occur in the third quarter of 2009), the 2010 Long Term Plan will constitute the next opportunity for evaluation of PG&E's long term customer needs. To the extent the 2010 Long Term Plan indicates there is a need for new conventional generation resources, PG&E will evaluate whether Tesla Power Plant is a viable and economic resource to fill the need. In this context, PG&E will consider the possibility of marketing the Project to other power plant developers if doing so is in the best interest of its customers.

In its 2006 Long Term Procurement Plan Decision, the CPUC decided that it will establish a methodology to compare PPAs to utility-owned generation in the 2008 LTPP proceeding. Prior to adoption of this methodology, the CPUC ruled that it will consider utility owned generation proposals under four specific conditions: reliability, market power mitigation, preferred resources and unique opportunities.

Prior to implementation of the 2010 Long Term Plan, to the extent that an unanticipated reliability need emerges, for example, due to unanticipated load growth or generation project cancellations, PG&E would evaluate replacement resource options, including independent and utility owned generation, in accordance with CPUC policy. Tesla Power Plant will thus remain an important reliability option as it is capable of expedited development given its advanced permitting status and CAISO transmission queue position.

TESTIMONY

ANDREA GRENIER

JERRY SALAMY

STATE OF CALIFORNIA
Energy Resources
Conservation and Development Commission

In the Matter of:

Application For Certification for the
Tesla Power Project; Request For
Extension

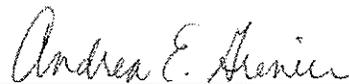
DOCKET NO. 01-AFC-21C

**DECLARATION OF ANDREA
GRENIER**

I, Andrea Grenier, declare as follows:

1. I am the owner and President of Grenier & Associates, Inc.
2. A copy of my professional qualifications and experience is included with the attached testimony and is incorporated by reference in this Declaration.
3. I prepared the attached testimony relating to PG&E's Request For Extension of the Tesla Power Project Certification (California Energy Commission Docket Number 01-AFC-21C).
4. It is my professional opinion that the attached prepared testimony is valid and accurate with respect to issues that it addresses.
5. I am personally familiar with the facts and conclusions related in the attached prepared testimony and if called as a witness could testify competently thereto.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct to the best of my knowledge and that this declaration was executed at Roseville, CA on June 26, 2009.



Andrea Grenier

STATE OF CALIFORNIA

Energy Resources
Conservation and Development Commission

In the Matter of:

Application For Certification for the
Tesla Power Project; Request For
Extension

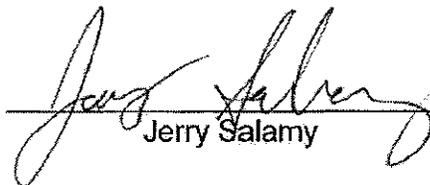
DOCKET NO. 01-AFC-21C

DECLARATION OF JERRY SALAMY

I, Jerry Salamy, declare as follows:

1. I am employed by CH2M HILL as a Principal Project Manager and have been retained by PG&E to assist in the Tesla Power Project.
2. A copy of my professional qualifications and experience is included with the attached testimony and is incorporated by reference in this Declaration.
3. I prepared the attached testimony relating to PG&E's Request For Extension of the Tesla Power Project Certification (California Energy Commission Docket Number 01-AFC-21C).
4. It is my professional opinion that the attached prepared testimony is valid and accurate with respect to issues that it addresses.
5. I am personally familiar with the facts and conclusions related in the attached prepared testimony and if called as a witness could testify competently thereto.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct to the best of my knowledge and that this declaration was executed at Sacramento, CA on June 26, 2009.


Jerry Salamy

I. Name: Andrea Grenier
Jerry Salamy

II. Purpose:

Our testimony addresses questions 3 (d), and (g) through (k) requested by the Siting Committee's Notice of Evidentiary Hearing and Committee Order dated June 9, 2009 associated with PG&E's request for extension of the License for Tesla Power Project.

III. Qualifications:

Andrea Grenier - I am the owner and President of Grenier & Associates, Inc., an environmental consulting firm that assists Applicants before the California Energy Commission and other agencies obtain necessary permits and to demonstrate compliance with conditions contained in those permits during construction and operation. I have almost 15 years experience in representing Applicants before the California Energy Commission and am familiar with its procedures and the costs associated with preparation of Applications For Certification and Petitions For Amendment. I was engaged by PG&E to evaluate the potential permitting issues surrounding development of the Tesla Power Project. A more detailed description of my qualifications is included in the attached resume.

Jerry Salamy- I am presently employed at CH2M HILL and have been for the past 11 years and am presently a Principal Project Manager with that organization. I have a Degree in chemistry and I have 22 years of experience in environmental siting, licensing, and permitting. I have reviewed the Air Quality section of the Tesla Final Decision and am familiar with air quality conditions in the Bay Area Air Quality Management District. A detailed description of my qualifications is contained in the attached resume.

To the best of our knowledge all referenced documents and all of the facts contained in this testimony are true and correct. To the extent this testimony contains opinions, such opinions are our own. We make these statements and provide these opinions freely and under oath for the purpose of constituting sworn testimony in this proceeding.

IV. Opinion and Conclusions

We have reviewed the Notice of Evidentiary Hearing and Committee Order dated June 9, 2009 and our Testimony addresses Questions 3 (d) and (g) through (k). In preparing our testimony we reviewed the Tesla

Power Project Commission Decision and relevant documents contained in the official California Energy Commission Docket (01 –AFC-21).

Question 3 (d) What efforts were made by the previous and current Project Owner to meet pre-construction requirements contained in the Conditions of Certification?

Response to Question 3 (d)

We reviewed the Commission docket but were unable to determine what, if any, preconstruction compliance documents were submitted to the CEC Compliance Project Manager (CPM) and on that basis we defer to Staff's testimony on this subject.

Question 3 (g) What aspects of the Tesla Decision are still applicable? If the Project goes forward (using a reasonable estimate of when that would occur), what aspects would require revision of updating with additional evidence or argument, because

- (1) the Project no longer corresponds with the project description in the Decision;
- (2) applicable laws, ordinances, regulations, or standards ("LORS") have changed;
- (3) environmental conditions in the site area have changed;
- (4) the record upon which the Decision is based is stale; or
- (5) other reasons?

These matters do *not* include the merits of any substantive issue that would have to be considered in a later proceeding. Rather, the Committee's inquiry here will focus on, for example, (i) whether an applicable emissions limit has changed and the consequences of needing to determine, in a later proceeding, compliance with the new limit, but *not* whether the Project is likely to comply; or (ii) that the Project lacks a water supply and the consequence of needing to assess, in a later proceeding, potential supplies, but *not* the merits of potential supplies or the Applicant's likelihood of obtaining a supply.

Response to Question 3 (g)

- (1) The Tesla Decision was based on a full environmental review of the Project as described in the Application For Certification (AFC) and amendments thereto including supplemental information submitted in response to data requests and testimony of the parties contained in the original docket. PG&E seeks to extend the construction deadline of the License without modifying the Project Description. That is, since the California Public Utilities Commission (CPUC) denied PG&E's request to construct a portion of the Tesla Project, PG&E no longer has definite plans to construct a portion of the Tesla Project. Please see the Testimony of Fon Wang and William V. Manheim for a more detailed explanation of PG&E's plans and the reasons it desires extension of the construction deadline. Since there are currently no plans to modify the Project Description at this time, my testimony will address what portions of the Tesla Decision would need to be modified solely due to the passage of time. It should be noted that if either PG&E or a third party were to modify the Project Description in the future, such modification would require the filing of a Petition For Amendment in accordance with Commission regulations. At that time the Commission Staff would conduct a full environmental and LORS review analyzing those modifications. At this time, it is difficult to predict what, if any, the modifications might be. However, it is foreseeable that either PG&E or a third party could construct a portion of the plant rather than the full 1100 MW.
- (2) It is true that some LORS have changed since the Commission issued the Tesla Decision. In order to demonstrate compliance, an Applicant, whether PG&E or a third party, would be required to file a Petition for Amendment with the Commission seeking incorporation of the change in LORS if that change is applicable to the Project. I have reviewed the Final Decision and offer the following summary.

PROJECT DESCRIPTION

No change in LORS require modification of the Project Description. See Response to Question 3(g) (1) above.

TRANSMISSION SYSTEM ENGINEERING

There has been no change in LORS nor in the project's position in the current Cal-ISO transmission queue.

AIR QUALITY & PUBLIC HEALTH

The Tesla Project was issued a valid Final Determination of Compliance (FDOC) from the Bay Area Air Quality Management District (BAAQMD) that was validly incorporated into the Decision in accordance with Commission rules and procedures.

However, the BAAQMD has not finalized either an Authority To Construct (ATC) Permit or a Prevention of Significant Deterioration (PSD) Permit. Both of those permits would need to be issued prior to construction. It is possible that during the BAAQMD review of those permits, depending on when that review is conducted, that Best Available Control Technology (BACT) for criteria pollutants may have changed. The new BACT emission levels would be required in the new permits. The Tesla Decision currently contains the following emission limits:

- NO_x – 2.0 ppmv averaged over 1- hour
- CO – 4.0 ppmv averaged over a rolling 3-hour period;
- Ammonia Slip – 5 ppm
- SO₂ – 2.0 pounds per hour
- PM₁₀ – 9.84 pounds per hour without duct firing and 12.75 pounds per hour with duct firing

The Tesla Decision contains conditions requiring the surrender of specific Emission Reduction Credits (ERCs) to offset the emissions from the Plant. PG&E did not acquire all of these offsets and whether PG&E or a third party went forward with the Project, during the review of the ATC and PSD, such review would require the identification of a specific ERC package that would meet the BAAQMD offset rules.

There are several standards that have changed since the Tesla Decision. The U.S. Environmental Protection Agency (EPA) has adopted a lower 24-hour federal PM_{2.5} standard, and eliminated the 1-hour ozone and annual PM₁₀ standards. The state has reduced the 1-hour nitrogen dioxide, adopted a new annual PM_{2.5} standard, and reduced the 8-hour ozone standard. Demonstration of compliance with these changes would need to be addressed in the ATC and PSD permits.

It is important to note that the Tesla Decision contains a Standard Condition of Certification which contemplates modifications to the ATC and PSD since it is not uncommon for changes to be made to the ATC and/or PSD during final design of a Project. Condition of Certification AQ-C5 requires an Applicant to submit any modifications to these permits to the Commission Compliance Project Manager (CPM) for

approval prior to implementation. If the modifications to the permits require changes in Conditions of Certification, the Commission engages the formal amendment process. Such would be the case for the Tesla Project whether it went forward in its current configuration or it was modified. Either way, a new ATC and PSD with a modified ERC package would need to be evaluated by the Commission and approved prior to construction.

As part of the updated ATC, a new Health Risk Analysis (HRA) may be required.

WORKER SAFETY/FIRE PROTECTION

No changes in LORS identified.

HAZARDOUS MATERIALS MANAGEMENT

No changes in LORS identified.

WASTE MANAGEMENT

No changes in LORS identified.

BIOLOGICAL RESOURCES

No changes in LORS identified.

SOIL AND WATER RESOURCES

No changes in LORS identified.

CULTURAL RESOURCES

No changes in LORS identified.

GEOLOGICAL AND PALEONTOLOGICAL RESOURCES

No changes in LORS identified.

LAND USE

No changes in LORS identified.

TRAFFIC AND TRANSPORTATION

No changes in LORS identified.

SOCIOECONOMICS

No changes in LORS identified.

NOISE

No changes in LORS identified.

VISUAL RESOURCES

No changes in LORS identified.

- (3) It is possible that the environmental baseline conditions for some environmental topic areas may have changed. I reviewed the baseline conditions upon which the Decision is based and the following is a summary of each area. It is possible, given the limited review that I was able to conduct in the time allotted for preparation of this testimony that an environmental baseline condition could have changed that I am unaware of. It is important to note, however, that PG&E has agreed to accept a condition to the construction deadline extension that a more thorough review and analysis be conducted as part of a Petition For Amendment to update LORS and the environmental baseline analysis similar to the condition the Commission approved in East Altamont. Such a condition would ensure that a more thorough review would be conducted.

AIR QUALITY & PUBLIC HEALTH

The Staff conducted a cumulative impact analysis to determine whether the Tesla Project, in combination with other projects in the area, was contributing to an air quality impact. One of those projects was the Tracy Peaker Project and another was the East Altamont Project. The Tracy Peaker Project was constructed and is currently proposing a modification to convert to combined cycle operation. There may be other projects proposed in the area that were not contemplated at the time the Tesla cumulative impact analysis. It is likely that a new air quality cumulative impact analysis would be required to account for the current status of the Tracy Peaker Project and any new projects in the area.

WORKER SAFETY/FIRE PROTECTION

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

HAZARDOUS MATERIALS MANAGEMENT

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

WASTE MANAGEMENT

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

BIOLOGICAL RESOURCES

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

SOIL AND WATER RESOURCES

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

CULTURAL RESOURCES

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

GEOLOGICAL AND PALEONTOLOGICAL RESOURCES

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

LAND USE

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

TRAFFIC AND TRANSPORTATION

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

SOCIOECONOMICS

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

NOISE

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

VISUAL RESOURCES

I am not aware of any changes in the environmental baseline conditions that would require new analysis.

- (4) I do not believe that the Record upon which the Decision is based is stale, other than requiring minor updating reflecting the LORS and environmental baseline conditions identified in Responses to 3 (g) (2) and (3) above. Such updating would be completed pursuant to the condition to the extension of the construction deadline as noted in Response to Question 3 (g) (1) above. If PG&E or a third party desired to construct a project that differed from the Project Description contained in the Tesla Decision, it would be required under Commission regulation to Petition to Amend the Decision. That Petition would be subject to the LORS and environmental baseline updating analysis as well.

Question 3 (h) Would a major amendment modifying the original license meet CEQA requirements to provide the public "with detailed information" about the Project's environmental impacts if the revised Project is presented in a piecemeal manner? (See Pub. Resources Code, § 21061)

Response to Question 3 (h)

A major amendment would comply with CEQA in that the Commission Staff would conduct an analysis pursuant to its approved regulatory process that would evaluate the potential significant impacts of the modifications on the environment, propose mitigation to reduce impacts to less than significant, and allow public input.

PG&E does not anticipate providing major amendments in a "piecemeal" manner. Ultimately, the Commission would determine if an Applicant were inadequately describing the "whole of the action" it was requesting.

Question 3 (i) How much money, calendar time, and person-years of effort would need to be expended (by the CEC, the Project Owner, or others) to do the revision and updating described under 3.g.?

Response to Question 3 (i)

If PG&E were to move forward with preparation of a major amendment, consultant costs associated with updating the air quality and public health analysis in order to comply with LORS and obtain the necessary air permits would be in the range of \$150,000 to \$300,000. It could take 6 to 12 months to obtain the permit.

Question 3 (j) Would the revisions and updating described in 3.g. require the filing of a petition to amended the Tesla Decision or a new AFC?

If yes, and to the extent not already provided in the answers to 3.g., how much money, calendar time, and person-years of effort would need to be expended (by the CEC, the Project Owner, and others) for the Project Owner to file, and the CEC to process, a petition to amend or a new AFC?

Response to Question 3 (h)

As described in Response to Question 3 (g) above, PG&E agrees to accept a condition to the extension of the construction deadline that would require updating in a similar fashion to that imposed on the East Altamont Project as a condition of approval of Calpine's request for extension of the construction deadline.

Question 3 (k) What permits must still be obtained (or renewed) for the Project? How much money, calendar time, and person-years of effort will need to be expended (by the Project Owner or others) to obtain those permits?

Response to Question 3 (k)

The Tesla Project would need to obtain or renew the following permits:

- ATC and PSD with the BAAQMD
- 404 Wetland Permit from COE (if needed) in accordance with Condition of Certification BIO-10
- CDFG Incidental Take Permit and/or Consistency Determination in accordance with Condition of Certification BIO-7

- CDFG Streambed Alteration Agreement in accordance with Condition of Certification BIO-8
- SJMSCP Compliance Verification in accordance with Condition of Certification BIO-13, Verification
- 401 Water Quality Certification in accordance with Condition of Certification Soil & Water-2
- NPDES Construction Activity Permit in accordance with Condition of Certification Soil & Water -2
- The Project Owner shall consult with the U.S. Bureau of Reclamation to determine whether a federal permit triggers National Historic Preservation Act (NHPA) Section 106 Compliance regarding the Delta-Mendota Canal in accordance with Condition of Certification CUL-11.
- Grading Permit with a Soils Engineering Report in accordance with Condition of Certification GEO-1.
- File FAA Form 7460 for stack lighting/markings in accordance with Condition of Certification TRANS-8.

The estimated cost to renew and obtain the ATC and PSD is identified in Response to Question 3 (i) above. PG&E estimates that consultant costs to comply with the existing Conditions of Certification and obtain the other permits listed will be between \$200,000 and \$400,000 and would take approximately 6 to prepare and obtain the permits.

Jerry Salamy

Principal Project Manager/ Air Quality Specialist

Education

B.A., Chemistry, Holy Names College, Oakland

Relevant Experience

Mr. Salamy has more than 22 years of consulting experience licensing new industrial energy-related sources. He has prepared numerous Prevention of Significant Deterioration Pre-Construction Air Quality Permit Applications, prepared project permitability studies, assessed industrial facilities compliance with state and federal air pollution rules and regulations, and assisted power plant clients with preparation of permit applications and compliance-related issues.

Representative Projects

Calpine Geysers Application for Certification Amendment, Calpine Corp., Middleton. Managed the preparation of license amendments for six Geysers Power Plant projects to allow for the use of recycled water on the project sites. The license amendment included the analysis of air quality, biological, cultural, paleontological, land use, noise, visual resources, and traffic and transportation impacts. The project required the preparation of a Title 22 Engineer's Report and is being granted approval from two Regional Water Quality Control Boards and the State Department of Health Services.

Salton Sea Unit 6 Geothermal Power Plant Application for Certification; Mid American Energy Holding Company; Imperial County, California. Mr. Salamy managed the licensing of a 185-MW geothermal power plant in Imperial County, California. The power plant design was based on the flash geothermal power plant process, which produces both solid and liquid byproducts (brine cake and spent brine) that required disposal. The project site was located in a rural area of Imperial County, but was adjacent to a National Wildlife Refuge that supports significant populations of avian species. The licensing process involved the review of all environmental areas, specifically focused on waste disposal, air quality, hazardous materials handling, and biological resources. Mr. Salamy managed preparation of over 500 data responses submitted by the State and the public. The project was successfully completed, with a license issued by the California Energy Commissions.

Mr. Salamy also prepared an amendment to the California Energy Commission license to allow for the generation of an additional 35 megawatts of electricity through increase geothermal fluid extraction combined with the use of an organic rankin cycle (ORC)

system. The ORC was designed to use waste heat from the geothermal fluid after passing through the steam generation portion of the binary type geothermal process. The modification to the project required CH2M HILL to the reanalysis of the impacts to all environmental areas. The amendment was approved by the Energy Commission.

Air Quality Audits, SMUD. Managed air quality audits for four power plants in Northern California. He conducted air quality audits of the Central Valley Finance Authority's Carson Energy Facility and McClellan Gas Turbine Facility and oversaw air quality audits at the Sacramento Cogeneration Authority - SCA Cogen II and Cogen III. Mr. Salamy's responsibilities included managing the development of the pre-audit checklist and field interview forms; conducting kick-off, pre-audit, and close-out audit meetings; conducting field interviews and audits; summarizing and presenting findings; and preparing the final audit reports.

Air Quality Audits, Calpine Corp., Northern California. Participated in the multimedia auditing Calpine's power plants in Northern California. He conducted air quality audits of the Delta Energy Center and Los Medanos Energy Center facilities. Mr. Salamy's responsibilities included participating in the development of the pre-audit checklist and field interview forms; conducting kick-off, pre-audit, and close-out audit meetings; conducting field interviews and audits; summarizing and presenting findings; and preparing the final audit report.

Application for Certification, Sutter Power Plant, Calpine Corp., Yuba City. Managed the preparation of the air quality section of the Sutter Power Plant AFC. The air quality analysis required the preparation of an environmental setting for the project site, a criteria and toxic pollutant emission inventory, a Best Available Control Technology analysis, and air dispersion modeling. These analyses were used to support the preparation of a Prevention of Significant Deterioration and New Source Review permit applications. These applications were submitted to the U.S. EPA Region IX office and the Feather River Air Quality Management District for the issuance of a construction permits. The scope of work also required the identification of emission reduction credits (ERCs) to support the New Source Review permitting process. Mr. Salamy was instrumental in locating and negotiating for the purchase of the ERCs necessary for the siting of the Sutter Power Plant.

Application for Certification, Los Esteros Critical Energy Facility, Calpine C*Power, San Jose. Managed the preparation of the AFC for a 180-MW power plant in San Jose. The project required the preparation of numerous other studies/documents to satisfy the CEC staff request. These studies/documents included the preparation of a General Plan amendment and planned development zoning applications, archaeological and paleontological survey reports, and biological resource protection permits. Mr. Salamy also managed the development and implementation of biological, cultural, and paleontological resource monitoring programs; risk management plan; traffic and transportation management plan; waste reduction program; and an electromagnetic force evaluation for project construction.

Application for Certification, Delta Energy Center, Calpine Corp., Pittsburg. Managed the preparation of the Delta Energy Center AFC for an 880-MW power plant in Pittsburg. Mr. Salamy also managed the development and implementation of biological, cultural, and paleontological resource monitoring programs; risk management plan; traffic and transportation management plan; waste reduction program; and an electromagnetic force evaluation for the project construction.

Application for Certification, Los Medanos Energy Center, Calpine Corp., Pittsburg. Managed the development and implementation of compliance support documentation, biological, cultural, and paleontological resource monitoring programs; risk management plan; traffic and transportation management plan; waste reduction program; and an electromagnetic force evaluation for the project construction.

Application for Certification, East Altamont Energy Center, Calpine Corp., Tracy. Managed the preparation of the East Altamont Energy Center AFC for a 1,100-MW power plant in Tracy. Mr. Salamy also prepared the alternative site and generating technologies, ammonia risk assessments, and provided general licensing support.

Application for Certification, Metcalf Energy Center, Calpine Corp., San Jose. Assisted in the management of the preparation of the Metcalf Energy Center AFC. Mr. Salamy was responsible for the development and tracking of data response submittals requested by the CEC. Mr. Salamy also authored data responses for hazardous materials management.

Apex Generating Station Licensing; Mirant Inc.; Las Vegas, Nevada. Managed the licensing of Mirant's 1,100 Megawatt Apex Generating Station, located in Las Vegas, Nevada. Mr. Salamy prepared a Prevention of Significant Deterioration Pre-Construction Permit Application for the project, as well as the preparation of a National Environmental Policy Act Environmental Assessment to support the siting of the 500-kilovolt transmission line.

Prevention of Significant Deterioration (PSD) Permit; Sutter Power Project, Calpine; Yuba City, California. Managed preparation of a PSD Permit for a merchant power plant consisting of two combined-cycle gas turbine generator units. Permit preparation involved development of emission characteristics for criteria pollutants and identification and negotiation of emission-reduction credits necessary for permitting of the project. The permit was submitted to the EPA for its review and approval. The local air district was not delegated authority for the PSD program.

MID Electric Generation Station (MEGS), Modesto Irrigation District. Assistant project manager for the SPPE to license a nominal 95-MW natural-gas-fired, simple-cycle generating facility consisting of two natural-gas-fired combustion turbines, approximately 0.25 mile of new 69-kV subtransmission line and fiber optic cable, 0.25 mile of new 8-inch diameter natural gas pipeline, and water supply and wastewater tap lines into City of Ripon lines in Stockton Avenue. The project would occupy 8 acres within a 12.25-acre parcel. This plant had noise and land use issues to resolve. Plant is nearing completion of construction.

San Joaquin Valley Energy Center, Calpine Corp. Prepared the ammonia risk analysis in support of the licensing of a 1,060-MW combined-cycle merchant plant to be located in the city of San Joaquin.

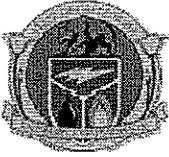
Cosumnes Power Plant, SMUD. Prepared the ammonia risk assessment and assisted in responding to numerous data request for a 1,000-MW combined-cycle power plant on buffer lands for the former Rancho Seco Nuclear Plant. Also managed the identification of emission reduction credits in support of the facility licensing effort.

Walnut Energy Center, Turlock Irrigation District. Assistant project manager for the licensing of this 250-MW combined-cycle generating facility configured using two natural-gas-fired combustion turbines and one steam turbine. Managed the ammonia risk assessment, preparing a detailed analysis showing the probability of and potential effects of an accidental release on nearby residential receptors. Also assisted in responding to numerous hazardous materials handling issues.

Highgrove Generating Station, AES Pacific. Prepared the air quality permits and Application for Certification for 300 megawatt (MW) peaking facility consisting of three natural-gas-fired turbines and associated equipment. The project will employ General Electric's LMS100 combustion turbine generators (CTG) that integrate new technology to increase the combustion turbine's efficiency above existing turbine technologies.

Application for Certification for three Natural Gas-fired Energy Facilities, to be co-located at PG&E's San Mateo, Scott, and Martin substations. Managed the preparation of three Applications for Certification on expedited licensing schedule enacted by gubernatorial executive order. Mr. Salamy was responsible for proposal, costing, scheduling, team management and direction, as well as project execution within the three week AFC preparation timeline. In addition, Mr. Salamy authored the project description, air quality, and alternative sections of all three Applications for Certification. In addition, Mr. Salamy prepared three air permits for submittal to the Bay Area Air Quality Management District.

Vernon Power Plant, City of Vernon. Prepared the air quality permit and Application for Certification for 913 megawatt (MW) base load facility consisting of three natural-gas-fired turbines and heat recovery steam generators, one steam turbine, and associated equipment. The project will employ Siemen combustion turbine generators (CTG) that integrate new "fast start" technology to decrease the combustion turbine's start up duration and air emissions.



BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
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APPLICATION FOR CERTIFICATION
FOR THE *Tesla Power Project*

DOCKET No. 01-AFC-21C

PROOF OF SERVICE

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DECLARATION OF SERVICE

I, Marie Mills, declare that on June 29, 2009, I served and filed copies of the attached **TESTIMONY OF FONG WAN AND WILLIAM V. MANHEIM AND TESTIMONY OF ANDREA GRENIER AND JERRY SALAMY** dated **June 29, 2009**. The original document, filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at: [www.energy.ca.gov/sitingcases/tesla]. The document has been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

(Check all that Apply)

FOR SERVICE TO ALL OTHER PARTIES:

sent electronically to all email addresses on the Proof of Service list;

by personal delivery or by depositing in the United States mail at with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list above to those addresses **NOT** marked "email preferred."

AND

FOR FILING WITH THE ENERGY COMMISSION:

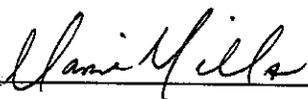
sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (***preferred method***);

OR

_____ depositing in the mail an original and 12 paper copies, as follows:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. **01-AFC-21C**
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

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



Marie Mills