

Memorandum

Date: December 24, 2002
Telephone: ATSS (916) 653-0062

To: John L. Geesman, Presiding Member
Arthur H. Rosenfeld, Associate Member

File: [s/tesla/statusreport5](#)

From: California Energy Commission -
1516 Ninth Street
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Jack W. Caswell
Energy Commission Project Manager

Subject: **TESLA POWER PROJECT (01-AFC-21) STATUS REPORT #5**

Energy Commission staff held an Issue Resolution Workshop on November 14, 2002. Staff may schedule an additional workshop prior to the release of the FSA to discuss air quality and other unresolved issues. The applicant continues to request that the project move to Evidentiary Hearings as soon as possible despite unresolved issues and incomplete documents. On the last page of the status report I have summarized four major documents that staff needs before we can complete the FSA. We intend to publish the FSA thirty (30) days after receiving this information. The following information is a summary of the remaining FSA issues.

ISSUES OF CONCERN

Air Quality, Biological Resources, Land Use, Transmission System Engineering, Visual Resources and Water Resources are areas that remain unresolved.

AIR QUALITY

Staff is waiting for the publication of the Final Determination of Compliance (FDOC) from the Bay Area Air Quality Management District (BAAQMD). The U.S. Environmental Protection Agency (EPA) provided a letter challenging the calculations used to develop the PM₁₀ credits by the BAAQMD. EPA identified 97.57 tons per year fewer credits than the BAAQMD; the district is reviewing the EPA calculations. At the request of the applicant, the FDOC has been delayed until this issue can be resolved.

BIOLOGICAL RESOURCES

Staff received a Proposed Compensation Lands letter on November 18, 2002 describing a mitigation strategy that lists three options for securing additional habitat to satisfy USFWS and CDFG concern for impacts to the local kit fox migration corridor. Additionally a draft Biological Resources Mitigation Implementation Monitoring Plan (BRMIMP) was received on December 17, 2002. Staff does not believe that these documents fully address the project biological concerns, but are conducting further evaluation of the documents.

The applicants BRMIMP mitigation plan and Compensation Lands Proposal should include: a) schedule for land acquisition, b) schedule for initiation of the management plan, c) option parcels and management practices for each parcel in order to assess

whether those practices conflict with those implemented on surrounding lands (i.e. the Haera Mitigation Bank), d) preferred option or most likely option, e) funding proposal for the management of the plan, f) schedule for when a Property Assessment Report would be performed, g) detailed proposal of how all special status species impacts would be addressed separately by species and together as a grassland community, h) define how each of the three option parcels is independently justified as mitigation and if possible, i) identify who would manage the land and how the land would be managed over the life of the project, and j) demonstrate that the proposed mitigation property is secured through purchase options or the actual purchase of the property in order to secure the property for the future development of the project.

LAND USE

The applicant has not provided evidence that the current owners of the project site will be granted a cancellation from their Williamson Act Contract, which needs to be approved by the Alameda County Board of Supervisors. Prior to the board action, the Alameda County Planning Department needs the FSA in order to prepare a CEQA document on the proposed cancellation. The proposed cancellation is subject to a 6-month statutory limitation period in which it may be challenged. This limitation period may affect the Commission's time frame regarding the release of the Presiding Members Proposed Decision. The applicant has committed to provide written evidence on the cancellation prior to the close of evidentiary hearings. Staff will provide an FSA with conditions addressing the above concerns.

TRANSMISSION SYSTEM ENGINEERING

The need for additional system impact studies was identified in data requests starting in February of 2002. A revised System Impact Study will not be completed by Pacific Gas and Electric Company and fully coordinated with the Cal-ISO until mid-January 2003. Staff needs this study in order to evaluate the impacts of the power plant project on the transmission line system and mitigation measures in four categories of transmission line and transformer overloads. Mitigation measures in most categories are uncertain at this time. The applicant, Cal-ISO and PG&E are developing mitigation measures.

VISUAL RESOURCES

Significant visual impacts have been identified in the PSA for this project. Staff has developed landscaping guidelines with the assistance of the USFWS in an attempt to assist the applicant in preparing a landscape plan that would reduce the project impacts to a less than significant level. A final landscape plan to reduce the impacts has not been provided by the applicant.

WATER RESOURCES

Staff is continuing to evaluate the applicant's water supply exchange proposal and water supply alternatives. Based on this review, staff believes reclaimed water from the City of Tracy to be environmentally preferable and economically reasonable. Staff is discussing aqueduct issues with the Department of Water Resources and water delivery issues with Zone 7 Water District to evaluate the reliability of the supply of water. The applicant and staff are in disagreement on a water supply source at this time.

FUTURE PUBLICATIONS AND EVENTS

Staff will publish a Final Staff Assessment thirty (30) days after receiving complete information and documentation for air quality, biological resources, transmission system engineering, and visual resources. A workshop may be scheduled in late-January or early-February 2003 if necessary, providing the applicant and other parties with an opportunity to discuss the completeness of the information and unresolved issues. The workshop could provide an opportunity to discuss a project schedule through Evidentiary Hearings for recommendation to the committee.

SUMMARY OF FSA PUBLICATION REQUIREMENTS

We believe the following documentation from the applicant and appropriate agencies will be required for the FSA publication.

- A Final Determination of Compliance (FDOC) from the BAAQMD (date uncertain),
- Evidence of an appropriate mitigation plan for biological impacts and evidence of secured mitigation lands. (date uncertain),
- A revised complete Transmission Impact Study from PG&E (mid-January 2003),
- A Visual Resources landscaping mitigation plan including photo simulations of KOP 3, showing the revised landscaping concepts (date uncertain).

cc: Telsa Power Project Proof of Service list
Web Master
USFWS, Susan Jones
BAAQMD, Steve Hill