

**2.0 PROJECT
OBJECTIVES AND NEED**

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The objective of the Tesla Power Plant (TPP) is to construct and operate a facility for the production of economical, reliable, and environmentally sound electrical energy and capacity to meet California's energy demands.

2.2 PROJECT NEED

The California Energy Commission is no longer required to determine whether or not a proposed project conforms to an integrated assessment of need. Senate Bill 110 (California Construction Articles 4, Section 8), which took effect on January 1, 2000, states:

Before the California electricity industry was restructured, the regulated cost recovery framework for generating facilities justified requiring the commission to determine the need for new generation, and site only generating facilities for which need was established. Now that generating facility owners are at risk to recover their investments, it is no longer appropriate to make this determination.

Accordingly, this AFC does not include a traditional assessment of need. Nonetheless, new efficient generation such as the TPP is needed. TPP, a 1,120 MW state-of-the-art gas fired combined cycle facility, will be located within 0.5 miles of Pacific Gas and Electric's Tesla Substation - a major substation within the Greater Bay Area load center. In addition to adding system reliability, siting new generation at the load center reduces the real and reactive system losses, improves area transmission voltage levels, can greatly improve the reactive margin in the area, and is generally superior to transmission-based solutions. Furthermore, the displacement of older generating plants with efficient new facilities like TPP will reduce the environmental impacts of power generation in California.

