

Memorandum

Date : April 4, 2003
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To : James D. Boyd, Presiding Member
 Arthur H. Rosenfeld, Associate Member

02-AFC-4

From : California Energy Commission - **Bob Eller**
 1516 Ninth Street
 Sacramento, CA 95814-5512
 Project Manager

CALIF ENERGY COMMISSION

APR 04 2003

Subject : **WALNUT ENERGY CENTER (02-AFC-4) STATUS REPORT NO. 2**

RECEIVED IN DOCKETS

Pursuant to the Committee's Scheduling Order of January 29, 2003, the following is staff's status report on the proposed Walnut Energy Project. As requested by the Committee in its Order, staff's report focuses on the schedule for the Preliminary Staff Assessment (PSA) and the issuance of the Preliminary Determination of Compliance (PDOC) by the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD).

CURRENT DATA REQUEST/DATA RESPONSES

Staff submitted 102 data requests on January 23, 2003, requesting additional information in the areas of air quality, biology, cultural resources, geology, land use, noise, public health, soil and water resources, traffic and transportation, visual impacts, and waste management.

The applicant filed responses to these data requests on March 10, 2003. On March 14, 2003, staff submitted 10 follow-up questions in the areas of air quality and visual resources. Responses to these requests are expected on or before April 17, 2003.

No data requests have been filed by intervenors to this proceeding.

ISSUES

In our January 15, 2003 Issue Identification Report (IIR), staff identified potential major issues in the areas of air quality and land use. In the course of preparing the PSA, staff has identified an additional potential major issue in the area of noise.

AIR QUALITY

Staff's IIR identified a potentially critical issue regarding the validity of several Emission Reduction Credits (ERC) identified for this project. On February 13, 2003, the USEPA published the proposed approval of SJVAPCD Rules 2020 (Exemptions) and 2201 (New and Modified Stationary Source Review). USEPA asked for comments on the proposed changes by March 17, 2003. Staff is analyzing the proposed Regulation 2201 and will seek to resolve this issue prior to the release of our Preliminary Staff Assessment in May. Adoption of the proposed Regulation 2201 may resolve staff's concerns regarding the validity of the ERCs proposed for use in this project.

PROOF OF SERVICE (REVISED _____) FILED WITH
 ORIGINAL MAILED FROM SACRAMENTO ON 4.4.03
 K. A. M.

LAND USE

The City of Turlock amended their General Plan in 1992, by annexing and rezoning approximately 4,700 acres of agricultural land within their General Plan study area to industrial land. Approximately 3,200 acres of the 4,700 acres, including the project site, was classified as prime farmland by the California Department of Conservation.

The City of Turlock concluded that mitigation was not appropriate for this annexation and rezoning action. Its conclusion was explained in a statement of overriding consideration, that the 1992 General Plan would have a significant impact on prime agricultural land, even if mitigation were to be implemented. The City further stated that its ability to meet its fair share of the regional needs (balance of jobs, housing, and sufficient services) outweighed the environmental risk of farmland conversion. It is staff's position, that although the project constitutes industrial development on land that is zoned for industrial use, the project site is considered prime agricultural land, has been continually farmed, and is considered significant as determined by the California Resources Agency's guidelines.

The applicant is proposing to permanently convert approximately 18-acres of irrigated prime agricultural land to an industrial use, specifically, the proposed Turlock/Walnut Energy Center. The applicant has indicated that the remainder of the parcel (51 acres) would be returned to agricultural use. Staff, in its PSA, will propose mitigation to mitigate this potential impact. We will discuss the proposed mitigation with the applicant at the PSA workshop in May.

NOISE AND VIBRATION

While preparing their analysis for the PSA, staff identified that significant adverse noise impacts would occur at six or more residences adjacent to the proposed site. Staff believes that, if proposed mitigation is implemented, these impacts can be reduced to an insignificant level. In the PSA staff will propose mitigation to mitigate the noise impacts to these residents and will discuss the proposal with the applicant at staff's PSA workshop in May.

PROJECT SCHEDULE

The SJVUAPCD has informed staff that they currently anticipate filing the PDOC for this project on April 17, 2003. This is consistent with the schedule provided by staff in its January 29, 2003, IIR. Provided the District meets its schedule, staff will endeavor to meet the Committee's proposed schedule for release of the PSA on May 9, 2003.

cc: Walnut Energy Center Project POS list