State Of California The Resources Agency of California

# Memorandum

**Date:** June 21, 2002
**Telephone: (916) 653-0159**

**To:** JAMES D. BOYD, Commissioner
Presiding Member

ROBERT PERNELL, Commissioner
Associate Member

**From:** **California Energy Commission -** BILL PFANNER, Siting Project Manager
**1516 Ninth Street**
**Sacramento, CA 95814-5512**

**Subject:** **MALBURG GENERATING STATION PROJECT (01-AFC-25) – ISSUES IDENTIFICATION REPORT**

Attached is the Energy Commission staff's Issues Identification Report. This report serves as a preliminary scoping document as it identifies the issues the staff believes will require careful attention and consideration. However, this report may not include all the significant issues that arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. We will be prepared to present the Issues Identification Report at the Information Hearing on July 1, 2002.

Part of this report concerns scheduling issues. The Energy Commission is reviewing the Malburg Generating Station Project pursuant to the expedited six-month Application for Certification (AFC) process set forth by Public Resources Code section 25550.

Attachment

cc: Proof of Service List
Docket

# ISSUES IDENTIFICATION REPORT

# MALBURG GENERATING STATION PROJECT

(01-AFC-25)

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## PURPOSE OF THE REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. Issues are identified as a result of discussions with federal, State, and local agencies, and our review of the Malburg Generating Station Combined Cycle Project (MGS), Docket Number 01-AFC-25. This Issues Identification Report contains a project description, summary of potentially significant environmental issues, public comments received, and a discussion of the proposed project schedule. The staff will address the status of potential issues and progress towards their resolution in periodic status reports to the Committee.

## PROJECT DESCRIPTION

On December 21, 2001 the City of Vernon, California filed an Application for Certification (AFC) for the construction and operation of the Malburg Generating Station (MGS or Project). The Project consists of a 134 megawatt (MW), natural-gas fired, combined cycle power plant, that would be located on approximately 3.4 acres of the City of Vernon's existing Station A power generating facility. The existing site includes 5.9 acres, located at 2715 East 50th Street, in Vernon, California.

**Facility Operation.** The MGS includes two gas combustion turbine generators (CTGs) that would burn natural gas, and a steam turbine generator (STG) driven with steam produced by two heat recovery steam generators (HRSGs). The new generation would be connected to the existing 69-kilovolt (kV) bus in the Vernon Substation on the MGS. The power generated by the plant would be distributed through the existing Vernon Substation and transmission lines to Vernon customers and to other customers in Southern California.

**Fuel.** Natural gas would be the only fuel utilized by the new facility. Natural gas would be supplied via a Southern California Gas Company (SoCalGas) pipeline. A new eight-inch diameter natural gas pipeline will be constructed, running 1,100 feet north under Serville Avenue to connect with an existing pipeline under Fruitland Avenue. An additional 200 feet of new underground pipeline would be installed on the project site.

**Water.** The Project would use reclaimed water for the cooling tower make up, purchased by the City and supplied by the Central Basin Municipal Water District (CBMWD). Potable water would only be utilized for domestic and sanitary use.

A new 18-inch diameter, 10,000-foot long reclaimed water pipeline would be constructed to deliver reclaimed water to the MGS site from the existing CBMWD reclaimed water supply system.

**Electricity Market.** The City of Vernon purchases and sells energy from and to third parties via the Western Systems Power Pool and Cal-ISO. The proposed MGS would

be constructed and operated to sell its output to customers of the City of Vernon and to other customers in Southern California.

**Other Infrastructure.** A 1,300-foot long 12-inch sewer line from the Project to Fruitland Avenue would be required for discharge to the local sewer. From that point on the existing sewer trunk is capable of handling all wastewater flows from the Project. The wastewater would flow through the County Sanitation District of Los Angles County (CSDLAC) existing treatment facility. No improvements to the treatment facility are required.

**Distribution.** The MGS will be constructed, owned, and operated by the City of Vernon, and would become an asset of its Utilities Department for the City's electric system. The City of Vernon purchases and sells energy from and to third parties via the Western Systems Power Pool and Cal-ISO.

**Schedule.** The MGS is planned to begin commercial operation during the spring of 2004 after about a 16-month construction and initial commissioning period.

## POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. This report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report was based on our judgement of whether any of the following circumstances will occur:

- Significant impacts may result from the project which may be difficult to mitigate;
- The project as proposed may not comply with applicable laws, ordinances, regulations, or standards (LORS);
- Conflicts may arise between the parties about the appropriate findings or conditions of certification for the Commission decision that could result in a delay to the schedule.

The following table lists all the subject areas evaluated and notes those areas where the critical or significant issues have been identified and if data requests have been requested. Even though an area is identified as having no potential major issues in this report, it does not mean that an issue will not arise related to the subject area.

| Major Issue | Data Request | Subject Area |
|---|---|---|
| Yes | No | Air Quality |
| | No | Alternatives |
| | No | Biological Resources |
| | Yes | Cultural Resources |
| | No | Facility Design |
| | Yes | Geology / Paleontology Resources |
| | No | Hazardous Materials Management |
| | No | Land Use |
| | No | Noise |
| | No | Public Health |
| | No | Reliability / Efficiency |
| | Yes | Socioeconomics |
| | No | Soil & Water Resources |
| | Yes | Traffic & Transportation |
| | No | Transmission Line Safety & Nuisance |
| Yes | Yes | Transmission System Engineering |
| | Yes | Visual Resources |
| | No | Waste Management |

## TECHNICAL ISSUES

Staff has begun its analyses of the project and is currently in the discovery phase, as well as its assessment of other environmental and engineering aspects of the applicant's proposal. Potential issues have been identified in Air Quality and Transmission System Engineering.

## AIR QUALITY

Staff has identified one significant issue regarding the proposed MGS. The applicant is not currently proposing mitigation or offsets for the project sulfur dioxide ($SO_2$) emission, which could contribute to secondary particulate matter formation less than 10 microns in diameter (PM10).

### *SECONDARY PM10 FORMATION*

The MGS will have a net increase of less than 4 tons per year of $SO_2$ emissions. In staff's opinion it is very unlikely that the MGS will cause or contribute to an exceedance of any $SO_2$ federal or state ambient air quality standards. However, this area is in non-attainment for PM10 federal and state ambient air quality standards and $SO_2$ is a known contributor to secondary PM10 formation. Therefore, it is staff's opinion that the MGS $SO_2$ emissions have the potential to cause or contribute to an exceedance of the PM10 federal and state ambient air quality standards if left unmitigated.

## TRANSMISSION SYSTEM ENGINEERING

Southern California Edison (SCE) has indicated that they must conduct a Transmission System Impact Study to asses the reliability impacts of the Malberg project on SCE's grid. Staff believes this study will be available for our review just prior to the evidentiary hearings but should it be delayed staff would be unable to include the study conclusions in our testimony. Staff is coordinating with the Cal-ISO and SCE to determine if the implications of the study could possibly change our present conclusions, which are based on the Malburg Project Interconnection Study. Should we conclude that it would not, then there would be no schedule implications due to receipt of the SCE study.

## ENVIRONMENTAL JUSTICE

Based on Census 2000, the minority population percentage within a six-mile radius of the proposed power plant is greater than 50 percent. Because this is a potential Environmental Justice population, the CEC will be conducting a community outreach program through the Public Advisor's Office to solicit public input and ensure full participation at all workshops and hearings. In our analysis, if a significant impact is identified in any technical area, staff will recommend appropriate mitigation.

## PUBLIC COMMENTS RECEIVED

Mr. Scott Kuhn, an attorney with Communities for a Better Environment has contacted CEC staff. Mr. Kuhn has expressed concern over potential environmental impacts of the project and is anticipated to file as an Interveror.

## SCHEDULING ISSUES

In summary, there are scheduling issues that must be resolved for the MGS project to meet the 6-month licensing process schedule, as shown in the following proposed schedule.
If these issues cannot be resolved in a timely manner, Energy Commission staff may in the future recommend the project be transferred from a 6-month licensing process to a 12-month licensing process.

On the following page is staff's proposed schedule for key events. The ability of staff to be expeditious in meeting this schedule will depend on the applicant's timely response to staff's data requests and other factors not yet discovered.

## ENERGY COMMISSION STAFF'S PROPOSED SCHEDULE

| | Activity | Day | Calendar Day |
|---|---|---|---|
| 1 | Applicant filed Application for Certification (AFC) | | December 21, 2001 |
| 2 | Executive Director's recommendation on data adequacy | | May 1, 2002 |
| 3 | Decision on data adequacy at business meeting | 0 | May 8, 2002 |
| 4 | Staff filed data requests | 15 | May 23, 2002 |
| 5 | Applicant provides data responses | 42 | June 19, 2002 |
| 6 | Staff files Issue Identification Report | 44 | June 21, 2002 |
| 7 | Information hearing, site visit | 53 | July 1, 2002 |
| 8 | Data response and issue resolution workshop | 53 | July 1, 2002 |
| 9 | Local, state, and federal agency draft determinations | 60 | July 8, 2002 |
| 10 | Initial Report (Staff Assessment) filed | 75 | July 23, 2002 |
| 11 | Staff Assessment workshop | 85 | August 2, 2002 |
| 12 | Local, state, and federal agency final determinations (e.g., FDOC, bio opinion) | 100 | August 19, 2002 |
| 13 | Staff Assessment Addendum | 110 | August 29, 2002 |
| 14 | Evidentiary hearings | 120 | September 9, 2002 |
| 15 | Committee files proposed decision | 145 | October 4, 2002 |
| 16 | Hearing on proposed decision | 155 | October 14, 2002 |
| 17 | Committee files revised proposed decision | 165 | October 24, 2001 |
| 18 | Commission Decision | 180 | November 8 2002 |