State Of California | The Resources Agency of California

Memorandum

Date : June 21, 2006
Telephone: (916) 653-1850

To : Jackalyne Pfannenstiel, Presiding Member
John L. Geesman, Associate Member

File: 05-AFC-2

DOCKET
05-AFC-2
DATE JUN 21 2006
RECD. JUN 21 2006

From : California Energy Commission - Eric Knight
1516 Ninth Street
Sacramento, CA 95814-5512
Siting Project Manager

Subject : **WALNUT CREEK ENERGY PARK (05-AFC-2) STATUS REPORT #2**

This is staff's second status report on the Walnut Creek Energy Park (WCEP) Application for Certification (05-AFC-2). This report focuses on the status of the applicant's responses to our data requests and provides an update on project issues and schedule.

Data Responses

On May 31, 2006, the applicant filed a data response package containing: 1) supplemental responses to some data requests from set #1-97; 2) responses to requests #98-99 (concerning the topic of Noise); and 3) responses to informal questions asked at staff's Data Response and Issues Resolution Workshop held on April 25, 2006.

Responses are still pending for the following data requests:

- Data Request #6: Fine Particulate Matter ($PM_{2.5}$) Mitigation;
- Data Requests #29-30: Cumulative Air Quality Impact Analysis;
- Data Request #77: Visible Plume Modeling results;
- Data Requests #90-91: Site Development and Landscape Plans; and
- Informal Workshop Question #5: Lease Agreement Letter

In addition, the applicant has not provided the updated water analyses (and associated public health analyses) to address the fact that impaired groundwater will be a component of the reclaimed water to be used by the project. The offsite consequence analysis of an accidental release of aqueous ammonia also has not been provided.

On June 19 the applicant stated that it expects to provide much of the above information by the end of June. Staff is working on the Preliminary Staff Assessment (PSA); receipt of all of the information noted above and discussed below is critical to publishing a complete PSA.

Project Issues

Staff's Issues Identification Report published on February 21, 2006 identified air quality and water supply as major issues.

PROOF OF SERVICE (REVISED 2-23-06) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 6-21-06

Air Quality

As discussed in staff's issues report, the applicant is relying on acquisition of pollution credits from the South Coast Air Quality Management District's (Air District) Priority Reserve to offset the project's emissions of particulate matter and possibly sulfur oxides and carbon monoxide. The applicant's success in obtaining pollution offset credits from the Priority Reserve bank is dependent on the Air District's approval of a revised rule allowing electric generating plants to buy Priority Reserve credits. Since staff's first status report issued on May 10, 2006, we have learned that the date of the hearing for possible adoption of the revised Priority Reserve rule has significantly slipped, from July to September 8, 2006, at the earliest. This delay likely means that the earliest we would receive the Air District's Preliminary Determination of Compliance (PDOC) for the WCEP would be late September. The Air District has noticed a second public workshop to be held on June 28 to further solicit public comment on the proposed rule amendment.

Staff has not received the applicant's second air quality status report (due on June 1 in response to staff's data requests) documenting their "due diligence efforts" to secure available emission offset credits (ERCs) on the open market. Due diligence is an Air District requirement for qualifying to draw pollutant credits from the Priority Reserve bank. The applicant has informed staff that its June air quality status report is forthcoming.

Water Supply

The applicant proposes to use reclaimed water from the Rowland Water District (RWD) for cooling and other power plant processes. As reported in Status Report #1, the applicant discovered that the source of RWD's water is currently impaired groundwater wells, and not the San Jose Creek Wastewater Reclamation Plant, as reported in the AFC. In 2008 (the first year the WCEP would operate if approved), a planned tie-in from the San Jose Creek Wastewater Reclamation Plant (SJCWRP) to the RWD system is scheduled to be completed as part of the City of Industry's Regional Recycled Water Project. However, according to the applicant, due to the high cost of reclaimed water from the Sanitation Districts of Los Angeles County (which operates the SJCWRP), impaired groundwater will always be a component of the RWD reclaimed water system.

By the end of June, the applicant expects to provide staff with the updated water analyses to reflect impaired groundwater as a component of the water to be used by the project. New analyses will also need to be provided that demonstrate that use of this water in the cooling system will not have significant adverse public health impacts. Preparation of the water resources and public health sections of the PSA are dependent on receipt of this information. Staff may have additional data requests after reviewing the information.

New Issues

In staff's review of the project several other issues have arisen. Staff's initial cooling tower modeling is showing very high frequencies of visible water vapor plumes. Staff has issued data requests to further understand and confirm the operating parameters of the cooling

tower because they do not compare to the tower data for other recent siting cases. Staff also issued a data request to confirm the availability of the land where construction laydown and parking will occur. It has come to staff's attention that this land (the Southern California Edison transmission line right-of-way immediately north of the project site) has already been leased to another entity for storage of shipping containers and the terms and duration of the lease are not clear.

Schedule

Publication of staff's PSA is dependent on receiving the information discussed above from the applicant. At this juncture, staff still plans on issuing the PSA as previously agreed, which would be 30 days after receiving the PDOC from the Air District. Although publication of the PDOC is substantially later than we reported in Status Report #1, staff is not considering bifurcation of the PSA until we receive the pending data responses and the applicant's updated water and public health analyses. Staff will reevaluate our proposed schedule for publishing the PSA and the issue of bifurcation in our next status report.

cc: Docket (05-AFC-2)
Proof of Service List

CALIFORNIA
ENERGY
COMMISSION

1516 Ninth Street
Sacramento, CA 95814
800-822-6228
www.energy.ca.gov

ELECTRONIC PROOF OF SERVICE LIST and ELECTRONIC DISTRIBUTION LIST Revised 05/26/06

WALNUT CREEK ENERGY PARK
APPLICATION FOR CERTIFICATION
DOCKET NO. 05-AFC-2

docket@energy.state.ca.us	Energy Commission Docket Unit
jpfannen@energy.state.ca.us	Commissioner Pfannenstiel
cgraber@energy.state.ca.us	Commissioner Pfannenstiel's Office
jgeesman@energy.state.ca.us	Commissioner John Geesman
pao@energy.state.ca.us	Margret J. Kim, Public Adviser
gshean@energy.state.ca.us	Garret Shean, Hearing Officer
eknight@energy.state.ca.us	Eric Knight, Staff Project Manager
ldecarlo@energy.state.ca.us	Lisa De Carlo, Staff Attorney
lkostrzewa@edisonmission.com	Lawrence Kostrzewa, Applicant, Edison Mission Energy
dbenham@edisonmission.com	Dereck Benham, Applicant, Edison Mission Energy
tmccabe@edisonmission.com	Thomas McCabe, Applicant, Edison Mission Energy
jenifer@njr.net	Jenifer Morris, NJ Resources
ddavy@ch2m.com	Douglas Davy, CH2M Hill
sgalati@gb-llp.com	Scott Galati, Attorney for Applicant
mdjoseph@adamsbroadwell.com	Marc Joseph, CURE, Intervenor
gsmith@adamsbroadwell.com	Gloria D. Smith, CURE

I declare that I transmitted the foregoing document via e-mail, or as indicated by first class postal mail, to the above named on the date indicated thereby. I declare under penalty of perjury that the foregoing is true and correct.

<Name of person serving document> Nora Gray

Distribution List	
double.ii@verizon.net	Dan Horan, Three Valley MWD
kcoats@aqmd.gov	Ken Coats, AQMD
mchu@hsilai.org	Mae Chu, Hsi Lai Temple/B.L.I.A
fdiamond@mail.rowland.k12.ca.us	Fred Diamond, RUSD
rwhittemore@cityofindustry.org	Ronald Whittemore, Industry MFRS Council
dsachs@cityofindustry.org	Donald Sachs, Industry Chamber of Commerce
bjohnston@chemtreat.com	Bruce Johnston, Chemtreat
mconiglio@puretecinc.com	Mike Coniglio, Puretec
dsimmons@lacbos.org	Dick Simmons, Los Angeles County
tsmith@wellhead.com	Tim Smith, Wellhead Electric Company
garreola@lapuente.org	Guillermo Arreola, City of Puente
milton.howard@cinergy.com	Milton Howard, Panoche Energy Center
jennifer-wu@urscorp.com	Jennifer Wu, URS Corporation
kdeck@rowlandwater.com	Ken Deck, Rowland Water District