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BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application for Certification of the Puente Power Plant	Docket Number 15-AFC-01

ROBERT SARVEY'S COMMENTS ON THE PRELIMINARY STAFF ASSESEMENT

Thank you for the opportunity to comment on the Preliminary Staff Assessment (PSA) for the Puente Power Plant. The PSA's alternative analysis is impermissibly narrow and eliminates all alternative sites based on the false conclusion that only the Puente Power Project will result in removal of the Mandalay Generating Station. The alternative analysis also eliminates all preferred resource alternatives based solely on the decision by the CPUC to approve the PPA contract for P3.

The PSA recommends that the Mandalay Generating Station be removed to ground level and that the underground infrastructure remain in place. This violates coastal polices related to public access and creates hazards to future visitors in the later part of the century when erosion and wave action will have exposed these underground structures. The PSA should also require a demolition plan and a financing mechanism for the removal of the Puente Power Project at the end of its useful life to comply with the coastal policies related to public access

The PSA concludes that no PSD permit is required by the project but at this date only a non-applicability determination from the EPA would relieve the project of its PSD requirements as requested by the VCAPCD.

The CEC staff should require the use of urea pellets in place of aqueous ammonia for the project to prevent impacts from the transportation and storage of ammonia in the minority majority community.

Air Quality

The PSA states that, "*U.S. EPA issued guidance on May 20, 2014 that requires secondary PM2.5 impacts be addressed for sources seeking PSD permits. This guidance provides several methods, or tiers, that can be used to analyze secondary PM2.5 impacts; including refined air dispersion modeling methods. P3 has been determined to not require PSD permitting, so this type of modeling analysis is not required."* (PSA Page 4.1-44)

The statement that P3 does not need a PSD permit or that it has been determined that a PSD permit is not needed is not supported by the PDOC or by a PSD non applicability determination by USEPA. In fact only the applicant has stated a PSD permit is not necessary. As stated in the PDOC,

> The applicant has determined that PSD does not apply to the proposed Puente Power Project. Rule 26.13 implements the requirements of 40 CFR 52.21 – Prevention of Significant Deterioration (PSD). This rule has not been approved by U.S. EPA. As such, any implementation of PSD requirements, including applicability determinations and/or determination of compliance with PSD requirements can only be performed by U.S. EPA. The Ventura County ACPD does not have the authority to implement and enforce the requirements of PSD at this time. Since the applicant has stated that PSD does not apply, this DOC does not include a discussion or calculations of greenhouse gases (GHGs).[1]

According to a record of conversation filed by the CEC Staff the district engineer "*Mr. Zozula believes the applicability of federal Prevention of Significant Deterioration (PSD) requirements to the Puente Power Project will be an issue.*[2] ***Mr. Zozula stated that he previously requested, and continues to recommend that the applicant submit a PSD applicability determination to the U.S. Environmental Protection Agency (U.S. EPA), which has jurisdiction for PSD.***[3] *Energy Commission staff previously agreed with Mr. Zozula's recommendation to the applicant to have them submit a PSD applicability determination to the*

[1] PDOC Page 7 of 168 docketpublic.energy.ca.gov/PublicDocuments/15-AFC-01/TN211570_20160519T170741_Ventura_County_Air_Pollution_Control_District_Preliminary_Deter.pdf
[2] docketpublic.energy.ca.gov/PublicDocuments/15-AFC-01/TN206067_20150911T115828_Report_of_Conversation__VCAPCD.pdf
[3] docketpublic.energy.ca.gov/PublicDocuments/15-AFC-01/TN206067_20150911T115828_Report_of_Conversation__VCAPCD.pdf

U.S. EPA."[4] In order to demonstrate compliance with all Federal Air Quality Laws a PSD applicability determination is necessary.

Alternatives

The alternatives analysis conducted by CEC Staff for the PSA is impermissibly narrow and eliminates all alternatives before the analysis ever begins. For example all alternative sites are eliminated from consideration because the Staffs alternative analysis concludes that any alternative sites would not include the beneficial visual improvements that result from removal of MGS Units 1 and 2 as part of the P3 project.[5] The alternatives analysis also eliminates the No-Project Alternative as according to the PSA the no project alternative, *"would cause significant impacts on biological resources (special-status birds nesting near the site) and visual resources; these two impacts would remain significant and unavoidable if the Mandalay Generating Station (MGS) Units 1 and 2 remained nonoperational on the site."*[6] The closure of the Mandalay site is guaranteed by the OTC regulations and NRG's commitment to the water quality board to close the units down by the OTC compliance date. Their demolition will be required by the state's public nuisance laws.

The PSA relies on an alternatives analysis that was not conducted by the CPUC to determine that preferred resources including storage are not feasible replacements for the P3 project. As the PSA alternatives analysis states, "*On May 26, 2016, the CPUC approved SCE's contract for a new 262-MW simple-cycle natural gas-fired peaking facility at the P3 site, In approving the contract, the CPUC has effectively found that preferred resources beyond those procured by SCE in response to its RFO could not feasibly and reliably be counted on to cost-effectively meet local reliability needs."* [7] Energy Commission Staff does not understand the CPUC process. The CPUC does not conduct an alternatives analysis it determines whether the

[4] docketpublic.energy.ca.gov/PublicDocuments/15-AFC-01/TN206067_20150911T115828_Report_of_Conversation__VCAPCD.pdf

[5] PSA Page 8 of 994 Staff PSA States, "The Ormond Beach Area Off-site Alternative and the two Conceptual Site Reconfigurations would avoid some of the P3's significant impacts; if avoiding these impacts is the critical factor, this off-site alternative and either of the site reconfigurations would be **environmentally superior to the proposed P3.**

[6] PSA Page 211 of 994

[7] http://www.scientificamerican.com/article/world-s-largest-storage-battery-will-power-los-angeles/?wt.mc=SA_Twitter-Share

contracts presented by the utility are just and reasonable. Energy storage could replace or reduce the need for natural gas fired generation in Oxnard and at the same time eliminate or lower criteria pollutant emissions in the minority neighborhood surrounding the Puente power plant. AES is currently permitting a 300 MW battery storage project which could replace the entire 286 MW Puente Power Project.[8] In addition AES is currently developing a 100 MW battery for use in Los Angeles that is expected to be deployed in 2021.[9] Energy storage is feasible cost effective and available as an alternative to the Puente Power Project. Staff's use of a CPUC approved PPA to justify elimination of energy storage as a feasible alternative is contrary to CEQA. The biggest obstacle to energy storage as an alternative remains the false conclusion that storage options are not available

Hazardous Materials

The PSA states that, "*Aqueous ammonia (19 percent ammonia in aqueous solution) would be used to control oxides of nitrogen (NOx) emissions from the combustion turbine by means of a process called selective catalytic reduction. The use of aqueous ammonia significantly reduces the risk that would otherwise be associated with the use of the more hazardous anhydrous form of ammonia.*"[10] Staff's analysis does not consider a safer form of ammonia urea pellets. Urea pellets can be transported to the site without incident. Urea pellets would not form a toxic cloud due to an impact during transportation. Urea pellets would also eliminate the possibility of tank failure during an earthquake, tsunami, or some other natural disaster. Urea pellets also eliminates the issues of transporting hazardous materials through the environmental justice community. Urea Pellets would eliminate an inviting target for terrorists.

P3 is not the only industrial site located in the project area. There is the McGrath peaking plant, the Ormond generating station, oil field production, and other industrial activities which staff does not take into account in its cumulative impact assessment. All of this hazardous material transportation is occurring through the minority majority community. EJ considerations should require that urea pellets be utilized at the plant instead of aqueous ammonia.

[8] Sarvey PSA Comments Exhibit 1
[9] http://www.scientificamerican.com/article/world-s-largest-storage-battery-will-power-los-angeles/?wt.mc=SA_Twitter-Share
[10] PSA Page 550 of 994

The use of urea pellets is a feasible mitigation measure which could avoid all of the issues related to ammonia use at P3. The existing Huntington Beach power plant has a urea to ammonia conversion unit. Currently urea pellets are transported and converted to ammonia onsite at the power plant. Use of urea pellets eliminates the impacts of transportation and storage of large amounts of ammonia for use in the SCR. AES as a responsible power plant owner recognizes the importance of the use of urea at its power plant. On the AES website it states that Huntington Beach is, ***"the first plant in the nation to use a urea to ammonia conversion system — eliminating the need to transport ammonia through our community."***

Compliance and Closure

The PSA proposes to remove the MGS to ground level and leave underground infrastructure in place. As stated in the PSA, "Subgrade infrastructure that could present a safety risk if not filled would be filled with crushed concrete derived from demolition activities."[11] As the Coastal commission opines, *"The project site is currently subject to flooding and erosion hazards which are expected to increase in the future. On-going wave action and future sea level rise ensure that at some point in the future, likely in the decades following 2050, the project site will be subject to increasingly frequent flooding and higher rates of coastal erosion that will accelerate shoreline retreat. If portions of either the existing MGS or the proposed P3 are allowed to be abandoned in place, they have the potential to become safety hazards and barriers to shoreline access on what will eventually be public tidelands below the MHTL. For example, the erosion-driven exposure of below-grade components of the MGS and/or P3 would degrade the quality of the beach, present hazards to beach goers, and otherwise restrict public access and recreation on a portion of the future beach."*

In order to avoid foreseeable public access impacts from any future abandonment-in-place of the MGS and/or P3, and to allow consistency with the Coastal Act Section 30253 and LCP policies requiring maximum public access and requiring that energy-related development be designed to minimize adverse effects on public access, the FSA should include a new condition of approval requiring that NRG develop decommissioning plans which include the removal of all MGS and P3 structures and facilities, including below-grade components, at the end of the

[11] PSA Page 51 of 994

operating lives of the respective facilities. To facilitate the removal of P3 and the end of its useful life the final decision should include a demolition plan and a financing mechanism to ensure the P3 is completely removed including underground structures.

Also according to the PSA, "*A 30-inch-diameter gas line traverses the P3 site that was intended to be the fuel supply for the future steam-generating units. This line would be capped and either left in place, or removed if necessitated by P3 construction."* The 30 inch diameter pipeline should be removed as well and not left in place as proposed in the PSA so as to not impede public access after the facility is closed.

Water Resources

According to the PSA, "*Process wastewater would be stored in one of the existing MGS retention basins, and ultimately discharged to the ocean via the existing outfall. The proposed reuse of the outfall structures to serve the P3 would represent the extension of a non-conforming use which limits public access to the beach. NRG has committed to discontinue use of the existing MGS outfall and include removal of the outfall as part of the demolition of MGS Units 1 and 2.*"[12] The CEC Staff should include a condition or certification which requires that the applicant use a zero liquid discharge system to eliminate all process wastewater issues. Zero liquid discharge is a feasible alternative used by many combustion turbine facilities including ones permitted by the CEC.

[12] TN 213624 **Response to Recommended Specific Provisions in August 26, 2016 Proposed Report Page 11 of 12**