

DOCKETED

Docket Number:	07-AFC-06C
Project Title:	Carlsbad Energy Center - Compliance
TN #:	203150
Document Title:	Energy Commission Staff Status Report #1
Description:	N/A
Filer:	Mike Monasmith
Organization:	CEC/Mike Monasmith
Submitter Role:	Commission Staff
Submission Date:	10/2/2014 5:00:46 PM
Docketed Date:	10/2/2014

Memorandum

Date: October 2, 2014
Telephone: (916) 654-4894

To: Commissioner Karen Douglas, Presiding Member
Commissioner Andrew McAllister, Associate Member
Paul Kramer, Chief Hearing Officer

From: California Energy Commission – Mike Monasmith
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Subject: **CARLSBAD ENERGY CENTER PROJECT AMENDMENT (07-AFC-6C)
STATUS REPORT #1**

COMMISSION ORDER

Staff submits the following Status Report (#1) for the Carlsbad Energy Center Project (CECP) Amendment proceeding, 07-AFC-6C.

DISCOVERY AND ANALYSIS

With consolidation of the April 29, 2014 Petition to Remove Obsolete Facilities (PTR) and the May 2, 2014 Petition to Amend (PTA), all staff review is being consolidated. Staff findings regarding modifications and their significance and compliance with laws, ordinances, regulations and standards (LORS) will be contained in one Preliminary Staff Assessment (PSA), expected to be published in late November, 2014 (45 days following the expected mid-October, 2014 release of the Preliminary Determination of Compliance from the San Diego Air Pollution Control District). This Status Report will summarize and update the Committee on staff work and discovery, including progress made in key areas initially brought to the Committee's attention in staff's August 4, 2014 Issues Identification Report. Staff is working to conclude its discovery by October 29, 2014

COORDINATION WITH AGENCIES

Staff is working cooperatively with the petitioner, the city of Carlsbad, the Carlsbad Municipal Water District, other agencies (including San Diego Air Pollution Control District, California Department of Transportation, California Coastal Commission, Encina Wastewater Authority, San Diego Department of Environmental Health and the California Department of Toxic Substances Control), and Intervenors to complete discovery in an effort to gain a greater understanding and background of the proposed modifications to the licensed CECP.

CURRENT ISSUES

AIR QUALITY

Staff's ongoing analysis and review of the air quality and GHG impacts from adopting project modification was the primary emphasis of Data Requests, Set 1 issued on July 16, 2014. This was also the first topic of discussion at the public workshop held in Carlsbad on September 24, 2014. Several issues are unresolved:

- It is still not clear that the petitioner's emission reduction credit (offset) mitigation for this project would result in the nonattainment pollutants and their precursors being offset at a minimum 1:1 basis.
- the San Diego Air Basin in the area of the project site is classified as nonattainment for the state ozone, PM10 and PM2.5 standards, and federal ozone standard. Without proper offset mitigation for NOx, VOC, PM10, and SOx, this project could contribute to existing violations of the state and federal ambient air quality standards.
- Fugitive dust impacts associated with the EPS demolition phase are an impact requiring further clarification.

The petitioner indicated during the September 24th workshop to provide greater detail on these issues in a forthcoming mid-October, 2014 filing.

WASTE MANAGEMENT

Petitioner provided its initial response to Data Responses Set 2A on September 24, 2014. Petitioner filed a more fully developed and specific EPS Demolition Plan on October 1, 2015 which staff is now in the process of reviewing.

SOIL AND WATER RESOURCES

The petitioner announced at the September 24, 2014 public workshop in Carlsbad that desalinated water would be dropped as a proposed alternative water supply for the amended CECP, which eliminated several concerns from the water and biological resources staff on potential impacts and LORS compliance issues related to the use of desalinated ocean water for the necessary water needs of the amended CECP. Staff continues to work with the applicant and the Carlsbad Municipal Water District (CMWD) staff on the status of Carlsbad Recycled Water Facility (CRWF) upgrades and capacity increases necessary for use of Title 22 reclaimed water as the primary proposed water supply of the amended CECP.

TRANSMISSION SYSTEM ENGINEERING

Staff has issued several data requests in regard to the modified transmission route for the amended CECP. Petitioner's September 24, 2014 announcement of plans to move the 230kV transmission poles 10 feet west along the upper perimeter road's eastern edge (to the lower perimeter road 25 feet below grade, and further away from the western edge of the Caltrans I-5 right-of-way) was a positive development given the future I-5 Expansion Project. There continues to be discovery and discussion in terms of the area between the eastern

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edge of the amended CECP and the western edge of the expanded I-5, and specifics related to the 138kv and 230kV transmission poles and gen-tie lines that will be contained in Data Requests Set 3, scheduled for publication on or before October 2, 2014.

OTHER ISSUES

Other technical disciplines have been the subject of data requests and public workshop discussions, including noise and public health impacts associated with the demolition of the EPS building and 400-ft exhaust stack. Staff continues to work to fully understand the Cultural Resource and Biological Resource impacts associated with the requested modifications, and will be issuing a final round of data requests and conducting at least one more public workshop to better understand the impacts associated with all phases of the amended CECP.

SCHEDULE AND DISCOVERY

Staff will be issuing Data Requests Set 3 by end of the week (no later than October 3, 2014). Staff's final data requests (Set 4) are under development following the public workshops in Carlsbad and in response to new changes to the amendment filing. Staff will continue to aggressively pursue information related to all areas where requested modifications require review and consideration.

cc: Docket (07-AFC-6C)
Proof of Service List