

DOCKET**05-AFC-3****Memorandum**

DATE AUG 09 2006

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To: Commissioner John L. Geesman, Presiding Member **Date:** August 9, 2006
 Chairman Jackalyn Pfannenstiel, Associate Member **Telephone:** (916) 651-8853
File: 05-AFC-3

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



Subject: **STATUS REPORT #3 FOR THE SUN VALLEY ENERGY PROJECT (05-AFC-3)**

Data Requests and Responses

Energy Commission staff has issued three sets of data requests to the applicant. Data Requests 1-80 were issued March 15, 2006, Data Requests 81-90 were issued March 30, 2006, and Data Requests 91-93 were issued June 23, 2006. Data Responses for Set 1 were received from the applicant on April 17, 2006, and Data Responses for Set 2 were received on May 1, 2006. On July 7, 2006, the applicant filed "Supplement II in Response to Data Requests 1 through 93, and the April 25, 2006, Workshop Queries", to clarify the data responses and workshop discussions for air quality, biology, cultural resources, land use, traffic and transportation, public health and visible plumes.

Items that remain outstanding are revised performance and modeling information for the cooling towers, as well as possible discussion of cooling tower modifications based upon information recently provided by General Electric Power and now under review by Marley, the cooling tower vendor.

Romoland School District

The Romoland School District (District) responded to workshop discussions and a May 24, 2006, letter from staff in a June 8, 2006, letter that provided additional information on student travel routing and activity times. The District also made additional comments regarding potential air quality impacts at the local level and stated concerns regarding hazardous material delivery routes and timing. On August 3, 2006, the applicant responded to the District questions with additional information regarding air quality, and asked for additional information regarding traffic and student pedestrian travel routes and timing. The new information and comments from both the District and the applicant have been provided to the appropriate technical staff for consideration.

Federal, State and Local Agency Comments

No federal agency comments have been received.

California Air Resources Board

Staff has received a copy of correspondence from the applicant to the California Air Resources Board (ARB) regarding comments on the Health Risk Assessment (HRA).

PROOF OF SERVICE (REVISED 3/3/06) FILED WITH
 ORIGINAL MAILED FROM SACRAMENTO ON 8-9-06



The ARB has emailed staff that they are now comfortable with the HRA modeling that was initially submitted.

County of Riverside

The County of Riverside intends to provide its comments on the project through an Advisory Conditional Use Permit (CUP). A draft of this Advisory CUP was received on July 25, 2006, with a final version delayed due to the heavy work load of the County's Planning staff. Staff is expecting a final Advisory CUP from the County near the end of August.

South Coast Air Quality Management District

South Coast Air Quality Management District (SCAQMD) indicated at the staff workshop that their Preliminary Determination of Compliance (PDOC) would be issued approximately 30 days after the District's Priority Reserve Program rule change is completed. On June 28, 2006, SCAQMD conducted a public workshop to discuss amendment of Rule 1309.1 which will allow electric generation facilities (EGFs) to purchase the necessary emission reduction credits (ERCs) for certain pollutants from their Priority Reserve. As part of this workshop, SCAQMD issued a revised Rule 1309.1 and the Draft Environmental Assessment for a 45-day public comment period. Adoption of the amended rule by the District Hearing Board is scheduled for September 8, 2006. The applicant is relying on acquisition of pollution credits from the SCAQMD Priority Reserve to offset the project's emissions of PM₁₀, CO and SO_x. On June 29, 2006, the SCAQMD issued a letter to the applicant determining that the Sun Valley Energy Project and the Walnut Creek Energy Park (05-AFC-2) EGFs are eligible to obtain NO_x ERCs from the District's RECLAIM program, but denying eligibility to the RECLAIM program for SO_x credits. The District reasoned that sufficient SO_x credits may be available to EGFs through the revised Priority Reserve Program after its expected adoption in September.

In order to qualify to draw pollutant credits from the Priority Reserve bank, the applicant must document its "due diligence efforts" to secure available ERCs on the open market. Staff has still not received the applicant's second and third air quality status reports documenting the applicant's due diligence efforts (due monthly beginning on May 1, 2006, in response to staff's data requests 4, 5, and 9). In a July 31, 2006, conversation, the applicant indicated that a status report will be issued in August detailing their progress and setting forth a forward action plan based upon the expected adoption of the Priority Reserve rule-change by SCAQMD.

Visual Resources, Visible Plume

Staff's initial cooling tower modeling is showing very high frequencies of visible water vapor plumes. On June 23, 2006 staff issued data requests to further understand and confirm the operating parameters of the cooling tower because these parameters do not compare to the tower and plume data for equipment associated with other recent siting cases. The applicant has informally provided additional operating temperatures to staff,

but must still review and provide staff with the new information received from both General Electric Energy and from Marley, the cooling tower vendor, regarding the potential for enhanced plume abatement configurations. The applicant expects to file this additional information by the end of August.

Schedule

The SCAQMD Priority Reserve Rule adoption is scheduled for September 8, 2006. A PDOC may follow by 30 days or more, and Air Quality staff may need information from the applicant based upon that action prior to completing their analysis. Additionally, staff analysis for land use, traffic and transportation, visual resources, and water and soils will rely on information from the County's Advisory CUP. At the staff workshop, staff and the applicant had discussions regarding bifurcation of the Preliminary Staff Assessment. Staff now believes that the information delays noted above have reduced the potential scheduling benefits of bifurcation.

On March 6, 2006, the Committee for the Sun Valley Energy Project issued a Committee Scheduling Order. Staff is now working towards the following revised schedule.

**SUN VALLEY ENERGY PROJECT (05-AFC-3)
ENERGY COMMISSION STAFF'S TENTATIVE SCHEDULE**

Activity		Calendar Day
1	Valle del Sol Energy, LLC (VSE), filed the Application for Certification (AFC)	December 1, 2005
2	Decision on data adequacy at business meeting	February 1, 2006
3	Information hearing, site visit	February 27, 2006
4	Staff Data Requests Issued	March 15 & 30, 2006
5	VSE provided Data Responses	April 17, May 1, 2006
6	Data Response and Issue Resolution workshop	April 25, 2006
7	Parties File Status Report #1	April 14, 2006
8	Parties file Status Report #2	May 26, 2006
9	Parties file Status Report #3	August 9, 2006
10	SCAQMD Preliminary Determination of Compliance Permit	October 8, 2006
11	Preliminary Staff Assessment filed	30 days following PDOC
12	Preliminary Staff Assessment workshops	(PSA+ 20 days)
13	VSE Files Comments on PSA	(PSA+ 30 days)
14	SCAQMD Issues Final Determination of Compliance (FDOC)	TBD
15	Final Staff Assessment Filed	FDOC + 30
16	Prehearing Conference	TBD

BOLD =Actual and/or Expected Dates

cc: Docket (05-AFC-3)
Proof of Service List

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

APPLICATION FOR CERTIFICATION
FOR THE SUN VALLEY ENERGY
PROJECT (SVEP)

DOCKET No. 05-AFC-3

(Revised 3/3/2006)

PROOF OF SERVICE LIST

DOCKET UNIT

Send the original signed document plus the required 12 copies to the address below:

CALIFORNIA ENERGY COMMISSION
DOCKET UNIT, MS-4
*Attn: Docket No. **05-AFC-3**
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* * * *

In addition to the documents sent to the Commission Docket Unit, also send individual copies of any documents to:

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INTERESTED AGENCIES

None listed as of 3/3/2006

INTERVENORS

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Roland Skumawitz, Superintendent
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DECLARATION OF SERVICE

I, Angela Hockaday, declare that on August 9, 2006 I deposited copies of the attached Status Report #3 for the Sun Valley Energy Project (SVEP), in the United States mail at Sacramento, CA with first class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above. Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210.

I declare under penalty of perjury that the foregoing is true and correct.


[signature]

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FOR YOUR INFORMATION ONLY! Parties **DO NOT** mail to the following individuals. The Energy Commission Docket Unit will internally distribute documents filed in this case to the following:

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