

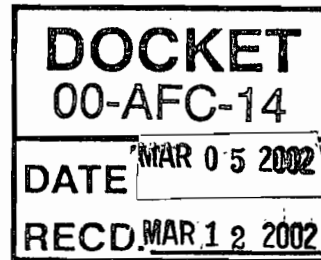
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March 5, 2002

Mr. Robert Pernell, Presiding Commissioner
 California Energy Commission
 1516 Ninth Street
 Sacramento, CA 95814



**RE: Coastal Commission Visual Findings on Application For Certification (AFC) #00-014
 – El Segundo Generating Station**

Dear Mr. Pernell:

This letter provides the Coastal Commission's findings regarding the visual impacts of the above-referenced proposed project and its conformity with Coastal Act policies on visual resources. The proposed project involves removing two of four existing electrical generating units at the El Segundo Generating Station (ESGS) and replacing them with three new units. The proposal also includes removing two large storage tanks and extending an existing seawall along the west side of the facility adjacent to Dockweiler State Beach.

We are submitting this letter as part of the full review required pursuant to section 30413(d) of the Coastal Act. The California Energy Commission's (CEC's) enabling legislation, the Warren-Alquist Act, recognizes the CEC's exclusive jurisdiction to approve power plants of greater than 50-megawatt capacity within the coastal zone. Nevertheless, section 30413(d) of the Coastal Act authorizes the Coastal Commission to participate in the AFC review process by submitting to the CEC an analysis of the consistency of a proposed power plant project with, among other things, the policies of the Coastal Act. Subject to certain exceptions stated therein, section 25523(b) of the Warren-Alquist Act requires the CEC to include in its decision on the AFC "specific provisions" that the Coastal Commission determines to be necessary to bring the project into conformity with the policies of the Coastal Act.

This letter addresses the proposed project's conformity only with the visual resource protection policy of the Coastal Act. We have additional concerns about other elements of the proposal, including: 1) the adverse effects of its ocean cooling water intake system on marine biological resources; 2) its treatment of existing soil and groundwater contamination at the project site; 3) the increased risk of damage due to seismic events, liquefaction, and erosion; and, 4) other impacts associated with project construction. However, based on your staff's conclusion that the applicant will not be providing additional information regarding visual impacts and mitigation, at this time we are submitting only findings on visual impacts and mitigation measures. We intend to submit later in the review process additional findings on other issues related to the proposal's consistency with applicable Coastal Act policies. We also reserve our right to review additional information related to visual impacts and mitigation if the applicant or CEC provide such information. In addition, our staff will continue to be involved in your review and will evaluate additional information and provide data requests as needed.

PROOF OF SERVICE (REVISED _____) FILED WITH
 ORIGINAL MAILED FROM SACRAMENTO ON 11/02

3/12/02

Facility and Surrounding Area – Existing Conditions:

The El Segundo Generating Station (ESGS) is an industrial facility located on and adjacent to Dockweiler State Beach in El Segundo. The facility currently includes electrical generating units, exhaust stacks, fuel storage tanks, cooling water intakes and outfalls, and other equipment and buildings related to power generation. It is located adjacent to Vista Del Mar Avenue on the north and east, a residential area in the City of Manhattan Beach to the south, and Dockweiler and Manhattan State Beaches to the west, north, and south.

ESGS is the predominant visual element along a several mile stretch of Dockweiler and Manhattan State Beaches, in part because it consists of relatively large and highly visible power generating equipment, tall exhaust stacks (up to 224 feet high), and other related facilities, and in part because it protrudes out from the coastal bluffs on the east side of the site and extends onto the beach, interrupting the beach profile. The facility also predominates visually compared with other nearby facilities, such as the Chevron Tank Farm, the Scattergood Generating Station, and the Hyperion Water Treatment Plant. These other facilities mitigate for visual impacts by employing architectural screening, plantings, berms, and other elements.

The CEC's Staff Assessment determined that ESGS contrasts strongly with its highly scenic coastal setting and that the facility includes "visually chaotic" elements. Its high visual contrast, unscreened or partially screened industrial equipment, occasional vapor plumes, and location immediately on and adjacent to a recreational beach make it a significant contributor to the visual degradation of the immediate area. Additionally, the facility disrupts views to and along the coast and is not visually compatible with much of the character of the surrounding area. The other industrial facilities nearby are generally less obtrusive, due to their locations away from the beach and due to measures taken to reduce their visual impacts.

Review of Proposed Project:

In December 2000, the applicant submitted to the CEC an Application For Certification (AFC) for the proposed project. Coastal Commission staff has worked closely with the CEC staff, the applicant, and other interested parties to address concerns about the proposed project's conformity with various policies of the Coastal Act. Regarding visual impacts and mitigation measures, the Commission staff requested through letters of June 8, 2001 and October 4, 2001, and through comments at several meetings and workshops, that the applicant respond to various data requests on the visual components of the proposed project, and provide an evaluation of feasible visual mitigation measures. The applicant has not yet provided adequate responses to these requests and the CEC staff has concluded that the applicant will submit no further information on the subject of impacts on visual resources.

Summary of Proposed Project's Visual Impacts:

The primary visual changes resulting from the proposed project are:

- Replacing two existing electrical generating units with three new units, including two new exhaust stacks and other associated equipment. Overall, the new units will have taller exhaust stacks but will be less bulky than the existing units.
- Extending an existing seawall several hundred feet along the west side of the facility between ESGS and the adjacent bike path and beach.
- Removing two (approximately 180' diameter) fuel storage tanks at the facility's south end.
- Reducing visible vapor plumes during plant operations.

In addition, the proposal is expected to significantly extend the life of the current facility and will therefore increase the length of time the area will experience visual degradation due to the facility. The two units proposed for replacement are nearing the end of their useful life. The AFC states that the estimated economic life of the proposed project is approximately 30 years. Absent this proposed project, all or part of the ESGS facility would likely be removed, thus reducing the overall negative visual impact of the facility within a shorter timeframe.

To address visual impacts, the applicant has agreed to meet the City of El Segundo's ordinances related to landscaping requirements. This would provide some vegetative plantings in the interior and around the perimeter of the facility. The applicant has also agreed to design the seawall with curving surfaces and landscaping to add visual interest. Further, the applicant has discussed, but has not yet agreed to, other measures that would further reduce visual impacts of the existing and proposed facilities, such as covering some portions of the generating units and modifying the night lighting at ESGS.

CEC Staff Recommended Conditions:

The CEC Staff Assessment contains five recommended conditions of certification to address visual impacts:

- **Condition VIS-1** would require the applicant to prepare and implement a perimeter landscape screening plan (evergreen species only to ensure year-long screening) for all four sides of the facility.
- **Condition VIS-2** would require the applicant to construct the extended seawall using architectural treatments meant "to reduce visual monotony, enhance design quality and interest, and discourage graffiti." The final design would be subject to CEC approval and would include a maintenance plan for graffiti removal.
- **Condition VIS-3** would require the applicant to use architectural screening (such as pop-off panels, wire mesh, or other opaque or semi-transparent cladding) to cover the new generating units to reduce visibility of mechanical equipment. The final design would be subject to CEC approval and would include a maintenance plan.

- **Condition VIS-4** would require the applicant to paint or treat portions of the new generating units that are visible to the public and not screened by exterior paneling described under Condition VIS-3. The paint colors and finish would be selected to blend with the surroundings and eliminate potential reflective glare to motorists. The final design would be subject to CEC approval and would include a maintenance plan.
- **Condition VIS-5** would require the applicant to design and install lighting at the new units and modify lighting at the existing units to minimize night lighting impacts. The design would ensure that lighting is the minimum brightness necessary for operational safety, that lights are shielded and directed downward, and would including the use of motion detectors, where feasible, to further reduce lighting impacts. It is also to include a “lighting complaint resolution form” to document and respond to complaints from nearby residents.

Conditions VIS-1 through VIS-4 would require the applicant to submit the plans for approval before the start of the new units’ commercial operations. Condition VIS-5 would require the applicant to provide the lighting plan at least 60 days before ordering exterior lighting.

Project’s Conformity with the Visual Resource Protection Policy of the Coastal Act:

Section 30251 of the Coastal Act is the applicable policy for regulating the visual impacts of proposed development on coastal resources. Section 30251 states:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded area.

The policy’s four requirements, and their applicability to the ESGS facility, are as follows:

Requirement 1: Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas: The CEC Staff Assessment (Section 4.11) determined, and the Coastal Commission concurs, that the ESGS facility contrasts strongly with its highly scenic coastal setting. It includes “visually chaotic” elements, such as extensive pipe and duct systems, scaffolding-type structures, exposed electrical system components, and the like, and stands out more strongly than other industrial facilities in the area. It protrudes out from coastal bluffs, interrupting the beach profile and interrupting views up and down the coast as well as views from inland towards the beach and ocean. Therefore, the Commission finds that the project, as proposed, does not conform to this Coastal Act policy.

Requirement 2: The development shall minimize the alteration of natural landforms: The existing ESGS facility includes a large steep retaining wall on its inland side, and a substantial seawall on the ocean side. The proposal includes extending and raising the existing seawall. The proposal may also require additional and as-of-yet-unknown shoreline alterations, as the CEC Staff Assessment recommends ongoing monitoring of beach erosion rates, which could result in the

applicant requesting further approval for additional shoreline hardening at some point in the future. Additional shoreline hardening is likely to result in changes to the beach profile and may cause increased erosion along nearby areas of the shoreline. Because the recommended monitoring has not yet been completed, we do not yet have the information necessary to determine likely impacts and mitigation measures necessary; therefore, the Commission finds that the proposed project does not conform to this Coastal Act policy.

Requirement 3: It shall be visually compatible with the character of the surrounding areas: As stated above, the CEC Staff Assessment found, and the Coastal Commission concurs, that the ESGS facility contrasts strongly with its setting, includes “visually chaotic elements” such as unscreened or partially-screened industrial equipment, and protrudes out from coastal bluffs to interrupt views from the beach. It is adjacent to, and visible from, beaches used by millions of visitors per year and a bike path used for coastal access and recreation. The proposed removal of large tanks on the southern part of the site will open coastal views from some areas accessible to the public, but will also result in more extensive views of the electrical generating units and associated facilities from the south of ESGS. Therefore, the Commission finds that the proposed project does not conform to this Coastal Act policy.

In instances such as this, when a proposed industrial development does not conform to one or more Coastal Act policies, the Commission may review it to determine if it is “coastal-dependent” and therefore able to be approved subject to provisions of Coastal Act section 30260. Section 30260 states:

Coastal-dependent industrial facilities shall be encouraged to locate or expand within existing sites and shall be permitted reasonable long-term growth where consistent with this division. However, where new or expanded coastal-dependent facilities cannot feasibly be accommodated consistent with other policies of this division, they may nonetheless be permitted in accordance with this section and Sections 30261 and 30262 if (1) alternative locations are infeasible or more environmentally damaging; (2) to do otherwise would adversely affect the public welfare; and (3) adverse environmental effects are mitigated to the maximum extent feasible.

Coastal Act section 30101 defines “coastal-dependent development or use” as “any development or use which requires a site on, or adjacent to, the sea to be able to function at all.” The proposed project is coastal dependent due to its current and proposed use of an existing ocean cooling water system. Recognizing that the proposal may change through future submittals, the Commission nevertheless finds that the current proposal is coastal dependent, and may therefore be found consistent with the Coastal Act if it mitigates its adverse environmental effects on coastal resources to the maximum extent feasible. Feasibility also is an issue of the fourth requirement of section 30251, as shown below, and is discussed in more detail later in this letter.

Requirement 4: In visually degraded areas and where feasible, the development shall restore and enhance visual quality: This requirement establishes a three-part test to determine conformity – (a) is the area visually degraded; (b) if so, are there measures that would restore or enhance visual quality; and, (c) if so, are those measures feasible?

- a) Is the area visually degraded? The CEC Staff Assessment determined that the ESGS facility contrasts strongly with its highly scenic coastal setting. It includes “visually chaotic” elements, and stands out more strongly than other industrial facilities in the area. It protrudes out from coastal bluffs, interrupting the beach profile and interrupting views up and down the coast as well as views from inland towards the beach and ocean. It is not visually compatible with much of the character of the surrounding area. Therefore, the Commission finds that the ESGS facility and the surrounding area are visually degraded, due in large part to the presence of the facility.
- b) If so, are there measures that would restore or enhance visual quality? There are a number of measures available that would enhance the visual quality of the facility and the area. Visual restoration or enhancement measures exist along a continuum – from relatively minor enhancements, such as partial screening with vegetation or the use of non-reflective paints, to much more significant visual enhancements, such as enclosing all or most of the facility within architectural screening, fencing, or other structural elements. The CEC Staff Assessment includes several recommended conditions intended to enhance the visual qualities of the facility, such as requiring the applicant to provide perimeter landscaping, architectural screening, painting, and special lighting.

However, while those conditions would appear to eventually result in visual enhancement of the facility, conformity with the Coastal Act, as stated above, requires that project-related impacts and mitigation be determined before making a permit decision rather than after. Because the recommended conditions in the CEC Staff Assessment would require plans be developed and submitted only after construction is completed, the Commission finds that additional measures are needed to ensure conformity with this requirement of the Coastal Act. These measures are further detailed below.

- c) If so, are those measures feasible? Section 30108 of the Coastal Act defines feasibility as “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.” We can determine feasibility in several ways, including reviewing an applicant’s feasibility study or by determining what is feasible based on other information available to the Commission. Since, as stated above, the applicant has declined to respond to requests for an assessment of what visual enhancement measures would be feasible for this proposed project, the Commission must therefore conduct its own analysis.

In determining what is “feasible” under the definition in section 30108, the Commission believes it is appropriate to compare the proposed project to other nearby industrial facilities and other energy projects located elsewhere in California. As stated above, other industrial facilities near ESGS have included several extensive measures to mitigate visual impacts. The nearby Scattergood Generating Station, for example, is largely enclosed within architectural screening. The Chevron Refinery is screened from most viewpoints by a large vegetated berm. The Hyperion Treatment Plant includes both architectural and vegetative screening. These all provide examples of standard and feasible enhancement measures that

partially mitigate the adverse visual impacts of nearby coastal industrial facilities. For recent energy facilities subject to CEC reviews elsewhere in California, designs have included similar enhancement measures, such as architectural screening, vegetative treatments, landscaping, and other measures. For example, the CEC's Staff Assessments for Calpine's Metcalf and Russell City energy facilities describe extensive architectural screening and landscaping measures.

"Feasibility", as defined above, also takes into account economic considerations. In the case of the Metcalf and Russell City facilities mentioned above, CEC staff determined that the visual enhancement measures cost approximately \$10 million per facility. This represents about 2.5 to 3.3% of their total project costs of \$300 to \$400 million. Using the same percentages for visual enhancement at ESGS (with project costs estimated to be between \$350 and \$400 million) results in a "feasible costs" range of about \$8.75 to \$13.2 million. In addition, some visual enhancement measures are found to help reduce other costs associated with the facility. For example, the CEC staff determined, and the applicant has concurred, that architectural screening measures meant to improve the facility's visual quality would help reduce maintenance costs on some of the equipment currently exposed to salt spray from the ocean.

The Metcalf and Russell City facilities cited above, however, are not in the coastal zone, and their visual enhancement measures were based on factors other than conformity with the Coastal Act. For the ESGS facility, located near a highly scenic coastal setting used for recreation and public access, other components of feasibility, such as environmental and social considerations, may weigh more heavily in determining what measures are feasible.

Specific Provisions Needed to Provide Coastal Act Compliance:

We generally concur with the substance of the recommended conditions in the CEC Staff Assessment, and we consider those conditions to be within the range of feasible visual enhancement measures. However, as stated above, conformity with Coastal Act policies requires that the effects of a proposed project on coastal resources and measures necessary to mitigate those effects be known and evaluated before the impacts occur. If this proposed project were being reviewed for a coastal development permit, final mitigation plans would generally be required before permit issuance. While we recognize that the CEC's process allows for such plans to be approved after certification, we recommend that they be submitted for review and approval as early in the process as possible – if not before certification, then at least before construction begins.

We also recommend that the visual enhancement measures contained within the CEC Staff Assessment's recommended conditions be consolidated under a facility visual enhancement plan, as described below. This would allow a coordinated evaluation of the necessary visual mitigation measures and would provide an overall assessment of the facility's visual effects on the surrounding area.

Therefore, the Coastal Commission recommends that the CEC amend its conditions of certification to add the following conditions in order to mitigate “to the maximum extent feasible” the adverse visual effects of the proposed project as required by Coastal Act section 30260:

- 1) Facility Visual Enhancement Plan: Before starting construction, the applicant shall complete a comprehensive visual enhancement plan that includes architectural screening, landscaping, painting, lighting, and other measures that result in an overall enhancement of views of the facility from areas accessible to the public. The plan shall be made available for review and comment by the Executive Director of the Coastal Commission and for review and approval by the CEC. The plan shall include:
 - a) Architectural screening: All industrial equipment below elevation 125’ (i.e., below the elevation of the outlet dampers on the facility’s exhaust stacks) and visible from the beach, coastal waters, Vista Del Mar Avenue, and other areas accessible by the public shall be screened using panels, wire mesh, louvers or other forms of architectural screening. The screening shall be opaque or semi-transparent and have a non-glare finish, and the color shall be harmonious with the facility’s setting on a public beach. If the applicant proposes, and the CEC concurs, that it is impractical or infeasible to shield portions of the facility using architectural screening, the applicant may instead propose other measures such as landscaping, berms, or fencing to provide the necessary screening. Any such proposal must be based on the definition of feasibility in Coastal Act section 30108 and is subject to review and comment by the Executive Director of the Coastal Commission and review and approval by the CEC.
 - b) Landscaping: Where used to screen the facility, vegetation chosen shall be selected or maintained to provide year-round screening (e.g., evergreen species). Preference shall be given to native species and/or species requiring little or no irrigation.
 - c) Other structural screening: Where berms, fencing, or other structural elements are selected as the primary method to screen the facility, the structures shall harmonize with the facility’s setting on a public beach. If berms are used, they shall be vegetated and maintained with evergreen, native, and/or species requiring little or no irrigation. If fencing is used, it shall include a non-glare finish or be painted in a neutral color.
 - d) Necessary submittals: The Facility Visual Enhancement Plan shall include photographs showing existing conditions and simulated post-construction conditions from Key Observation Points (KOPs) around the facility (these may be the same KOPs that were used to develop the CEC Staff Assessment). The plan shall also include anticipated costs for completing and maintaining the various visual enhancement measures and a detailed schedule for completing construction of these components.

- 2) Seawall Design Plan¹: Before starting construction, the applicant shall complete a plan of the seawall design for review and comment by the Executive Director of the Coastal and for CEC review and approval. This plan shall include:
- a) Final design: The seawall along the west side of the facility shall be textured and finished in a neutral color harmonious with its location adjacent to a public bike path and beach. If painted, graffiti-resistant paint shall be used.
 - b) Landscaping: Where used to enhance the seawall design, vegetation chosen shall be selected or maintained to provide year-round screening (e.g., evergreen species). Preference shall be given to native species and/or species requiring little or no irrigation.
 - c) Necessary submittals: This seawall design plan shall include photographs showing the existing conditions and simulated post-construction conditions from observation points along the bike path adjacent to the seawall, from the beach, and from other points where the seawall is highly visible. The plan shall also include anticipated costs for completing and maintaining the seawall and a schedule for construction.

We also strongly recommend that the CEC provide opportunities for local residents, beach users, and other interested parties review and comment on the plans.

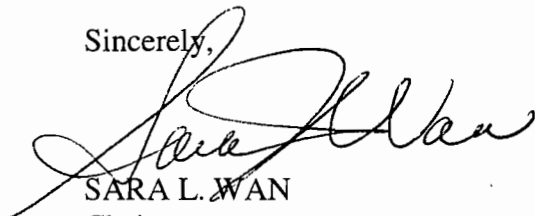
With these changes, the Coastal Commission believes the visual aspects of the proposed facility will be consistent with the policies of the Coastal Act.

Conclusion:

We recognize that the applicant or the CEC may at some point recommend additional visual enhancement measures or provide additional information regarding the feasibility of various proposed measures. We therefore reserve the right to review future submittals for conformity with the Coastal Act pursuant to our obligations under section 30413.

In closing, we greatly appreciate the efforts of the CEC to work closely with the Coastal Commission to ensure that the proposed project will be carried out in conformity with the Coastal Act. We look forward to continuing to work with you.

Sincerely,



SARA L. WAN
Chair
California Coastal Commission

¹ Please note that we will provide additional findings and recommended conditions later in the review process related to the proposed seawall's effect on beach erosion.

**STATE OF CALIFORNIA
Energy Resources Conservation
and Development Commission**

In the Matter of:)
)
Application for Certification)
of the El Segundo Power Plant)
Redevelopment Project)
_____)

Docket No. 00-AFC-14
PROOF OF SERVICE LIST
*[*Revised 6/14/01]*

I, Michelle Cox declare that on March 12, 2002, I deposited copies of the attached Letter to Robert Pernel from California Coastal Commission RE: Coastal Commission Visual Findings on Application for Certification for El Segundo Generating Station, in the United States mail at Sacramento, CA with first class postage thereon fully prepaid and addressed to the following:

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


[signature]

* * * *

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