

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

October 23, 2001

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01-AFC-21
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TO: AGENCY AFC DISTRIBUTION

REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF THE TESLA POWER PROJECT APPLICATION FOR CERTIFICATION (01-AFC-21)

In light of the acute electric system problems facing the State, the Governor has signed several bills designed to improve the efficiency of the California Energy Commission's review of power plant applications. Senate Bill 1388 (enacted as Stats. 2000, ch. 1040, §2) amended Section 25519 of the Public Resources Code to require local and state agencies to provide their comments and recommendations within 180 days of the filing date of the Application for Certification. Similarly, President Bush issued a memorandum on February 15, 2001, directing relevant federal agencies to expedite federal permit review and decision procedures with respect to the siting of power plants in California.

As part of our review process, the staff of the Energy Commission works closely with local, state and federal agencies to ensure that all laws, ordinances, regulations and standards are met and incorporated into the final decision of the Commission. To ensure that this occurs in a timely manner, we request your cooperation in meeting the requirements of the new state law and federal memorandum by completing your review and issuing any draft and final notices, findings, and opinions (such as those contained in a final Determination of Compliance, wastewater discharge requirements, biological opinions, and land use decisions) **within 120 days and 180 days, respectively.**

PROJECT DESCRIPTION

On October 12, 2001, Midway Power LLC (MPLLC), a Delaware limited liability company, filed an Application for Certification (AFC) for the Tesla Power Project (TPP). MPLLC is seeking approval from the California Energy Commission (Energy Commission) to construct and operate the Tesla Power Project. The site is located on a 60-acre portion of a 160-acre parcel, Assessor parcel No. 99B-7825-1-4 Section 30, Township 2S, Range 4E, in Alameda County. The site is approximately 0.5 miles north of the PG&E Tesla substation. The site will be accessed by the Midway Road bordering the eastside of the parcel.

The project is proposed as a nominal 1,120 MW electrical generating power plant with commercial operation planned for third quarter of 2004. The Tesla Power Project will consist of a natural gas fired combined cycle power generator, with 0.8 miles of double-circuit 230-MW transmission line connected to the Tesla PG&E substation, 24 inch 2.8 mile natural gas pipeline, and 1.7 mile water line constructed along the Midway Road.

The annual average water requirements for the project will be approximately 5,100 AF/year. Water will be provided under agreement with Rosedale-Rio Bravo Water Storage District in Kern County. Delivery will be via the 1.7 mile water line from

the California Aqueduct under agreement with the Alameda County Flood Control and Water Conservation District (Zone 7).

The project will have a separate plant for wastewater and sanitary wastewater collection. The plant will collect wastewater from plant equipment, cooling towers, heat recovery system generators, water treatment system, chemical feed area drains, and general plant drains. The collected wastewater will be directed to a zero liquid discharge system for treatment. The collected sanitary wastewater from sinks, toilets, and other sanitary facilities will be discharged in to a county approved on-site septic system.

Air pollution control will make use of a selective catalytic reactor (SCR) to reduce emissions of NO_x (nitrogen oxides), an oxidation catalyst to limit CO (carbon monoxide) emissions, and POC (precursor organic compounds). Natural gas will limit SO₂ and PM₁₀ emissions. Low drift plume abated cooling towers reduce fine particulate emissions. The design will be specified to reduce emissions and comply with BACT requirements as set by the Bay Area Air Quality Management District (BAAQMD). A detailed discussion of emission quantities, offsets, and BACT requirements is included in the Application submitted to the BAAQMD.

Construction work for this project is expected to take place during a 23-month period and is expected to occur from October 2002, to September 2004. The average construction project manning level of about 450 workers will peak at 950 for about a two-month period. The Alameda Building Trades Council will be the resource for the construction trades.

THE CERTIFICATION PROCESS

The Energy Commission is responsible for reviewing and ultimately approving or denying all applications for thermal electric power plants, 50 MW and greater, proposed for construction in California. The Energy Commission's facility certification process examines public health and safety, environmental impacts and engineering aspects of proposed power plants and all related facilities such as electric transmission lines, natural gas pipelines and water pipelines. The Energy Commission is the lead agency under the California Environmental Quality Act (CEQA).

Over the 12-month licensing phase, the Energy Commission will conduct a number of public workshops and hearings on the proposal to determine whether the project should be approved for construction and operation and under what set of conditions. These workshops will provide the public as well as local, state and federal agencies the opportunity to ask questions about, and provide input on, the proposed project. The Energy Commission will issue notices for these workshops and hearings, normally 14 days, but not later than 10 days, prior to the meeting.

Your participation in the proceeding is encouraged and will consist of identifying and trying to resolve issues of concern to your agency. There will be opportunities for Energy Commission staff, your staff, and other parties to require the applicant to provide any additional information deemed necessary for proper analysis and resolution of the

AGENCY DISTRIBUTION LIST

Page 3

issues. In addition, there may be specific requests for agency review and comment during the proceeding.

Local agencies may seek reimbursement for costs incurred in responding to these requests. If you have questions or would like additional information on reimbursement or on how to participate in the Energy Commission's review of the project, please contact Jack W. Caswell, Siting Project Manager, at (916) 653-0062, or by E-mail at jcaswell@energy.state.ca.us. The status of the project, copies of notices and other relevant documents are also available via the Energy Commission's Internet page at <http://www.energy.ca.gov/sitingcases/tesla>.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul C. Richins, Jr.", with a stylized flourish at the end.

PAUL C. RICHINS, JR.

Energy Facilities Licensing Program Manager