

September 01, 2012

California Energy Commission

DOCKETED
05-AFC-3

TN # 66990

SEP 04 2012

Mr. Robert Worl
Siting Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: STATUS REPORT #16 FOR THE SUN VALLEY ENERGY PROJECT (05-AFC-3)

Dear Mr. Worl,

Pursuant to the terms of the Commission's Order Suspending Proceeding dated June 20, 2012, Valle Del Sol Energy, LLC submits Status Report #16 for the Sun Valley Energy Project. The Sun Valley Energy Project (SVEP) is a 500-megawatt natural gas-fired peaker plant that will be located in the City of Menifee, California. The site is located on 50 acres of former farm land 30 yards southwest of the Valley Substation and will feature five General Electric LMS-100 gas turbines.

Valle Del Sol has no updates to report at this time. As stated in previous status reports, we have demonstrated ownership of all required VOC ERCs. However, we continue to monitor the PM₁₀ and SO_x ERC shortage that is affecting the entire SCAQMD region and is preventing us from completing the AQMD and CEC permitting and licensing necessary for the project to advance. We are committed to working with the Commission and SCAQMD to identify a solution that will allow us to proceed with a feasible offset strategy. Valle Del Sol believes that SVEP represents an ideally-sited opportunity to add peaking generation to efficiently integrate renewable energy to the Los Angeles basin grid as it becomes necessary. We will also continue to track Assembly Bill 1318 (AB 1318, Perez, Chapter 285, Statutes of 2009) which requires CARB, in consultation with the ISO, CEC, CPUC and the SWRCB to provide a report to the Governor regarding their assessment of the electrical system reliability needs of the South Coast Air Basin (SCAB) and recommendations for the most effective way to meet those needs. The results of these studies have been under review; however, it is evident that they are faced with significant challenges regarding grid reliability.

Sincerely,



Heather MacLeod
Valle Del Sol Energy, LLC

CC: Service List
Jane Luckhardt, Downey Brand



**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV**

APPLICATION FOR CERTIFICATION

For the SUN VALLEY ENERGY PROJECT (SVEP)

Docket No. 05-AFC-03

PROOF OF SERVICE

(Revised 8/16/2012)

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*indicates change

DECLARATION OF SERVICE

I, Lois Navarrot, declare that on September 4, 2012, I served and filed a copy of the attached **Status Report #16 for the Sun Valley Energy Project (05-AFC-3)**, dated September 1, 2012. This document is accompanied by the most recent Proof of Service list, located on the web page for this project at:
www.energy.ca.gov/sitingcases/sunvalley/index.html.

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit or Chief Counsel, as appropriate, in the following manner:

(Check all that Apply)

For service to all other parties:

- Served electronically to all e-mail addresses on the Proof of Service list;
- Served by delivering on this date, either personally, or for mailing with the U.S. Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses marked "**hard copy required**" or where no e-mail address is provided.

AND

For filing with the Docket Unit at the Energy Commission:

- by sending an electronic copy to the e-mail address below (preferred method); **OR**
- by depositing an original and 12 paper copies in the mail with the U.S. Postal Service with first class postage thereon fully prepaid, as follows:

CALIFORNIA ENERGY COMMISSION – DOCKET UNIT

Attn: Docket No. 05-AFC-3
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

OR, if filing a Petition for Reconsideration of Decision or Order pursuant to Title 20, § 1720:

- Served by delivering on this date one electronic copy by e-mail, and an original paper copy to the Chief Counsel at the following address, either personally, or for mailing with the U.S. Postal Service with first class postage thereon fully prepaid:

California Energy Commission
Michael J. Levy, Chief Counsel
1516 Ninth Street MS-14
Sacramento, CA 95814
michael.levy@energy.state.ca.us

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

/s/

Lois Navarrot