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April 2, 2008

File No. 039610-0001

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 07-AFC-1
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

| | |
|---------------------------|-------------|
| DOCKET 07-AFC-1 | |
| DATE | APR 02 2008 |
| RECD. | APR 03 2008 |

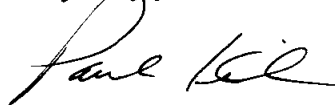
Re: Victorville 2 Hybrid Power Project: Docket No. 07-AFC-1

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's Response to Additional Testimony of Energy Commission Staff.

Please note that the enclosed submittal was filed today via electronic mail to your attention and to all parties on the CEC's current electronic proof of service list.

Very truly yours,



Paul E. Kihm
Senior Paralegal

Enclosure

cc: CEC 07-AFC-1 Proof of Service List (w/encl. via e-mail)
Michael J. Carroll, Esq. (w/encl.)

Michael J. Carroll
LATHAM & WATKINS LLP
Counsel to the City of Vernon
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Costa Mesa, CA 92626
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STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

| | | |
|------------------------------------|---|--------------------------------|
| In the Matter of: |) | Docket No. 07-AFC-1 |
| |) | |
| Application for Certification, |) | APPLICANT'S RESPONSE TO |
| for the VICTORVILLE 2 HYBRID POWER |) | ADDITIONAL TESTIMONY OF ENERGY |
| PROJECT |) | COMMISSION STAFF |
| by The City of Victorville |) | |
| |) | |

Applicant responds as follows to the Additional Testimony of Energy Commission Staff filed on April 2, 2008 ("Additional Testimony").

Air Quality

With the filing of the Additional Testimony, the only remaining disputed issue in the area of Air Quality is Item 1 in the Additional Testimony, related to the start and stop times for construction. Applicant continues to believe that the air modeling completed by Applicant and provided to the Energy Commission staff demonstrates that construction can continue up until 30 minutes prior to sunset without resulting in an adverse air quality impact. Applicant's position with respect to this issue is explained in detail in the proposed exhibits, and therefore, Applicant is prepared to submit this issue to the Committee based on the written record of the proceedings. The Declaration of Sara Head Regarding Air Quality, sponsoring Applicant's exhibits in the area of Air Quality, was previously submitted and has been marked as Applicant's Exhibit 98. Acceptance into evidence of this declaration will preclude the need for live testimony in the area Air Quality.

Biological Resources

With the filing of the Additional Testimony, there are two significant issues remaining in dispute: 1) the language of Condition BIO-18; and 2) the appropriate ratio to be applied for determining the quantity of required compensation lands.

In response to a proposed alternative to Condition BIO-18 submitted by Applicant earlier today, staff indicated that it intends to request that the record for this proceeding remain open so that the parties and the California Department of Fish & Game (“CDFG”) can hold a telephonic workshop and reach consensus on the appropriate wording for Condition BIO-18. This approach is acceptable to Applicant.

With respect to the compensation ratio, in the interest of completing certification of the project expeditiously, and to avoid any delays that might be incurred should CDFG conclude that it cannot support the decision of the Energy Commission, Applicant hereby withdraws its objection to the imposition of the 3:1 ratio proposed by Energy Commission staff. Applicant is aware that there are discussions taking place at the state level about possibly establishing uniform compensation ratios to provide more certainty regarding this issue, and to encourage the development of renewable energy projects. Applicant reserves the right to re-open the evidentiary record, or to seek a post-certification amendment, should such uniform compensation ratios be established in the future.

Less significant, but still of concern to Applicant, is that even with the recent modification to the verification for Condition BIO-6, Applicant continues to have some concern about the ability to finalize the location for the translocation of desert tortoises on the schedule set forth in Condition BIO-6. However, we will accept the condition as proposed, and endeavor to comply.

Attached is the Declaration of Thomas Egan Regarding Biological Resources, sponsoring Applicant’s exhibits in the area of Biological Resources. Acceptance into evidence of this declaration will preclude the need for live testimony in the area of Biological Resources. This declaration should be marked as Applicant’s Exhibit 105.

Soil and Water Resources

As requested in the Evidentiary Hearing Order and Agenda issued on April 1, 2008, Applicant hereby submits the Declaration of Thomas M. Barnett Regarding Dry Cooling Technology, which provides additional information regarding Applicant’s analysis of dry cooling as an alternative to the cooling system proposed for the Victorville 2 Hybrid Power Project. This declaration should be marked as Applicant’s Exhibit 106.

Other Topic Areas

There are no remaining disputes between the Applicant and staff in any other topic area.

DATED: April 2, 2008

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael J. Carroll". The signature is written in a cursive style with a large, sweeping initial "M".

Michael J. Carroll
of LATHAM & WATKINS LLP
Counsel to Applicant

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6 Attorneys for Applicant

7 State of California

8 Energy Resources

9 Conservation and Development Commission

10 In the Matter of:
11 Application for Certification
12 for the VICTORVILLE 2 HYBRID POWER
13 PROJECT by Inland Energy, Inc.

Docket No. 07-AFC-1

DECLARATION OF THOMAS EGAN
REGARDING BIOLOGICAL RESOURCES

14 I, Thomas Egan, declare as follows:

15 1. I am employed by AMEC as a Senior Ecologist and am duly authorized to
16 make this declaration. Except where stated on information and belief, the facts set forth herein
17 are true of my own personal knowledge and the opinions set forth herein are true and correct
18 articulations of my opinions. If called as a witness I could and would testify competently to
19 them.

20 2. I earned a B.S. in Wildlife Management from Humboldt State University.
21 I have over 20 years of experience in natural resource management, including 17 years of
22 experience as a Wildlife Biologist with the U.S. Forest Service and the U.S. Bureau of Land
23 Management. As an arid lands ecologist, I have participated in regional conservation planning
24 efforts for both public and private lands. I have performed technical analyses for environmental
25 impact assessments for projects in the Mojave Desert, Great Basin, and eastern Klamath
26 Mountain regions. I have designed large-scale arid land habitat restoration programs and
27 conducted rare plant surveys and desert tortoise inventories. A copy of my current curriculum
28 vitae is included in the Applicant's Prehearing Conference Statement on file in this matter.

3. I was a principal author and supervised the preparation of Section 6.4,
Biological Resources (Exhibit No. 9), and Appendix H, Biological Resources (Exhibit No. 31),

1 of the Application for Certification in this docket. The biological resources evaluation of the
2 VV2 Project included both literature research and a variety of field surveys that included
3 vegetation and wildlife surveys as well as protocol-level surveys for special status wildlife
4 species. In addition, I was a principal author of the Habitat Compensation in the West Mojave
5 Urban Interface analysis, which is a "White Paper" submitted to the California Department of
6 Fish and Game ("CDFG"). I have reviewed and am familiar with the regional planning
7 documents discussed in and attached to the White Paper (Exhibit No. 89).

8 4. I prepared or assisted in the preparation of, reviewed, and am familiar with
9 the Biological Assessment (Exhibit No. 46); Biological Assessment Addendum (Exhibit No. 74);
10 letter to CDFG regarding Habitat Compensation Ratios for VV2 Power Project (Exhibit No. 77);
11 letter to the CDFG addressing Mohave ground squirrel trapping (Exhibit No. 78); letter from
12 Inland Energy regarding Desert Tortoise Translocation Plan (Exhibit No. 86); Application for
13 Incidental Take of Endangered Species (Exhibit No. 87); and Biological Assessment Second
14 Addendum (Exhibit No. 88).

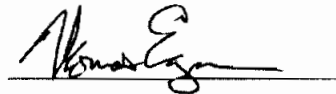
15 5. I reviewed and am familiar with the U.S. Fish and Wildlife Service's
16 Biological Opinion for the Victorville 2 Hybrid Power Project (Exhibit No. 83) and the letter
17 from the City of Victorville requesting that the Biological Opinion be included as part of the
18 PSD permit application (Exhibit No. 85).

19 6. The content of the above-referenced exhibits is true and accurate to the
20 best of my information and belief. I hereby offer the above-referenced exhibits into evidence.

21 8. Based on the information and analysis contained in the above-referenced
22 exhibits, it is my expert opinion that the project will not have significant impacts in the area of
23 biological resources.

24 Executed on April 2, 2008, at Helendale, CA.

25 I declare under penalty of perjury of the laws of the State of California that the
26 foregoing is true and correct.

27 

28 Thomas Egan

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4 Attorneys for Applicant

5 State of California

6 Energy Resources

7 Conservation and Development Commission

8
9 In the Matter of:
Application for Certification
10 for the VICTORVILLE 2 HYBRID POWER
PROJECT by Inland Energy, Inc.

Docket No. 07-AFC-1

DECLARATION OF THOMAS M. BARNETT
REGARDING DRY COOLING TECHNOLOGY

11
12
13 I, Thomas M. Barnett, declare as follows:

14 1. I am employed by Inland Energy, Inc. as an Executive Vice President and
15 am duly authorized to make this declaration. Except where stated on information and belief, the
16 facts set forth herein are true of my own personal knowledge and the opinions set forth herein are
17 true and correct articulations of my opinions. If called as a witness I could and would testify
18 competently to them.

19 2. I earned an M.S. in Environmental Science from the University of
20 Virginia and have worked on power plant development projects for more than 25 years. A copy
21 of my current curriculum vitae is included in the Applicant's Prehearing Conference Statement
22 on file in this matter.

23 3. I have reviewed and am familiar with the discussion of cooling
24 technologies in Section 5.0, Project Alternatives (Exhibit No. 5), of the Application for
25 Certification in this docket. This section explained why the VV2 combined-cycle power
26 generating equipment should use wet cooling technology and utilize reclaimed water from the
27 nearby Victor Valley Wastewater Reclamation Authority ("VVWRA") treatment plant.
28 Specifically, this section compared cooling alternatives and described how wet cooling

1 technology has clear performance advantages over dry cooling for the VV2 Project. For
2 example, wet cooling enhances performance because wet cooling primarily relies on evaporation
3 to remove heat from the circulating water, and evaporation occurs at the wet bulb temperature
4 (the air temperature at 100 percent humidity). In contrast, dry cooling technology is unable to
5 operate below dry bulb temperatures (ambient air temperature), and dry bulb temperatures are
6 generally much higher than wet bulb temperatures—especially in arid regions such as the High
7 Desert. As the dry bulb temperature increases and humidity decreases, the dry cooling system
8 becomes less efficient as a heat rejection method. At the VV2 Project site, this decreased
9 efficiency would be most noticeable in the hot summer months when power demand is highest.

10 4. Section 5.0 also explains that the lower circulating water temperatures of
11 wet cooling systems significantly improve cycle performance because the lower temperatures
12 result in lower steam turbine generator (STG) backpressures, which increase the STG's
13 generation efficiency. Operating at the higher temperatures and higher STG backpressures
14 associated with dry cooling would adversely affect the power output of the VV2 facility. It is
15 estimated that the gross power output of the VV2 combined-cycle equipment would be between
16 6-7 percent lower with dry cooling than with wet cooling.

17 5. The estimated 6-7 percent lower efficiency of a dry cooled VV2 facility
18 plant would equate to approximately 6-7 percent higher stack emission levels for the same output
19 as a wet-cooled plant because a dry-cooled plant has to fire the combustion turbines or duct
20 burners harder to achieve the same output. In addition, the proposed wet cooling tower can be
21 evacuated and steam seal established quickly for facility start-up. The higher internal volume of
22 a dry cooling tower would increase the evacuation time even with the use of larger vacuum
23 pumps, which could mean a longer start-up time. A longer start-up time would result in a higher
24 level of start-up emissions.

25 6. The discussion on PM2.5 emissions in the June 25, 2005 letter from Sara
26 J. Head to the U.S. Environmental Protection Agency (Exhibit No. 48) and Tables 5.1 and 5.2 in
27 Section 5.0 of the Application for Certification (Exhibit No. 5) present the estimated net power
28 effects of wet and dry-cooled systems at VV2 and the estimated operating cost differences

1 considering the net power effects and other items mentioned above.


2 7. Section 5.0 of the Application for Certification also explains that the
3 nearby VVWRA treatment plant produces reclaimed water that is suitable for power plant
4 cooling and other process uses. Using water from the VVWRA would provide a readily
5 available water source and require only a short pipeline (approximately 1.5 miles). In addition, a
6 potable water line (backup cooling water) will come from an interconnection with the City's
7 system.

8 8. The above-referenced exhibits have been offered into evidence by Arrie
9 Bachrach (Exhibit No. 5) and Sara Head (Exhibit No. 48).

10 9. Based on the information and analysis contained in the above-referenced
11 exhibits, it is my opinion that implementing wet cooling technology for the VV2 Project would
12 result in significant performance, efficiency, economic, and environmental advantages over dry
13 cooling technology.

14 Executed on April 1, 2008, at Newport Beach, California.

15 I declare under penalty of perjury of the laws of the State of California that the
16 foregoing is true and correct.

17
18 

19
20 Thomas M. Barnett

**STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

| | | |
|--------------------------------|---|------------------------------------|
| In the Matter of: |) | Docket No. 07-AFC-1 |
| |) | |
| Application for Certification, |) | ELECTRONIC PROOF OF SERVICE |
| for the VICTORVILLE 2 |) | LIST |
| HYBRID POWER PROJECT |) | |
| by the City of Victorville |) | (revised September 6, 2007) |
| |) | |
| _____ |) | |

Transmission via electronic mail and by depositing one original signed document with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the following:

DOCKET UNIT

CALIFORNIA ENERGY COMMISSION

Attn: DOCKET NO. 07-AFC-1
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

Transmission via electronic mail addressed to the following:

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APPLICANT'S CONSULTANTS

Thomas M. Barnett
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VICTORVILLE II HYBRID POWER PROJECT
CEC Docket No. 07-AFC-1

Sara Head

Environmental Manager
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SHead@ensr.aecom.com

INTERESTED AGENCIES

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DECLARATION OF SERVICE

I, Paul Kihm, declare that on April 2, 2008, I deposited a copy of the attached:

**APPLICANT'S RESPONSE TO ADDITIONAL TESTIMONY OF ENERGY
COMMISSION STAFF**

with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the California Energy Commission. I further declare that transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service List above.

I declare under penalty of perjury that the foregoing is true and correct. Executed on April 2, 2008, at Costa Mesa, California.



Paul Kihm