

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512**DOCKET****07-AFC-3**

DATE 10/22/08

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October 22, 2008

TO: AGENCY DISTRIBUTION LIST

REQUEST FOR AGENCY COMMENTS ON THE FINAL STAFF ASSESSMENT FOR THE CPV SENTINEL ENERGY PROJECT (07-AFC-3)

The enclosed Final Staff Assessment (FSA) contains the California Energy Commission staff's final engineering and environmental evaluation of the CPV Sentinel Energy Project (CPV Sentinel) Application for Certification (07-AFC-3). With the exception of Air Quality which is currently undetermined, Energy Commission staff believes that as currently proposed, including the applicant's and the staff's proposed mitigation measures and the staff's proposed conditions of certification, the CPV Sentinel project would comply with all applicable laws, ordinances, regulations, and standards (LORS). Staff's preliminary conclusions (with the exception of Air Quality) are that significant adverse direct, indirect or cumulative impacts are not likely to occur in any of the other technical areas. The issues that staff has identified as either being complex or undetermined, are summarized as follows:

Air Quality

A significant development occurred since the time that staff prepared the Preliminary Staff Assessment affecting the applicant's plans for mitigating project air emissions. The applicant can no longer purchase emission reduction credits from the South Coast Air Quality Management District's Priority Reserve because of a recent ruling from the Superior Court of Los Angeles County. In response to a lawsuit filed by the Natural Resources Defense Council and other groups, the court decided to prevent the District from making emission reduction credits in the Priority Reserve available to power plants without conducting more analysis under the California Environmental Quality Act (CEQA). Therefore, staff cannot complete its Air Quality analysis to determine whether the project would avoid significant adverse impacts and would conform to LORS with respect to Air Quality. Staff expects to prepare and file supplemental analysis and testimony for Air Quality at such time as the applicant identifies its proposed emission reduction credits.

Soil and Water

With respect to the potential for significant impacts associated with the project's extraction of groundwater, staff believes the applicant's proposal to import new water into the Mission Creek Groundwater Sub-basin (MCGS) for recharge at 108% of the project's use would avoid contributing to the depletion of groundwater in a basin that is already in overdraft. In addition, to ensure that there are no temporary effects on other groundwater users in the basin, staff has proposed a number of conditions of certification that require recharge activities to occur on a schedule that results in no change in groundwater levels at residential wells and the 330-acre Willow Hole Conservation Area, which hosts several state and federally-protected plant and animal species.

With respect to the project's conformance with LORS including the Energy Commission's 2003 IEPR policy on water use for power plant cooling, the CPV Sentinel project as proposed would accomplish conservation of a greater quantity of water than the project would use (approximately 150% of the project's maximum water use, and

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300% of the project's average water use). Although staff remains concerned that water conserved under the Water Supply Plan is not of a higher quality than the project's source of supply, staff notes that the Water Supply Plan would result in conservation of fresh water far in excess of that conserved in two previous siting cases, the Panoche Energy Center and Starwood-Midway projects, which would conserve 109% and 100+% of higher quality water respectively, compared to those projects' maximum annual water use. Given that the Energy Commission has found that conservation of a higher quantity and quality of water can be used to support a finding of compliance with the policy, staff concluded that it is reasonable to find that conservation of a significantly greater quantity of water than used by the project can also support a finding of conformity with the policy.

The FSA contains the California Energy Commission staff's final environmental and engineering evaluation of the CPV Sentinel project and will serve as staff's testimony during evidentiary hearings. The Energy Commission Committee assigned to the CPV Sentinel proceedings will consider and weigh the testimony, comments, or recommendations of all interested parties, including Energy Commission staff, the applicant, interveners, public, and other local, state, and federal agencies, before issuing the Presiding Member's Proposed Decision (PMPD) for consideration by the full Energy Commission. The public, interveners, local, state and federal agencies are encouraged to participate in these hearings.

We request that you review the enclosed FSA for the areas for which your agency would normally be responsible but for the Energy Commission's permitting authority. Please provide any written comments to John Kessler, Siting Project Manager by October 30, 2008. You may also present your comments at the Evidentiary Hearing scheduled for 9:00 AM on November 3, 2008 in Hearing Room A at the Energy Commission in Sacramento as announced in a separate notice. Energy Commission staff will consider comments received and may prepare supplemental testimony or errata as appropriate.

If you desire information on technical or project schedule issues, or how to participate in the Energy Commission's review of the project, your questions should be directed to John Kessler at (916) 654-4679 or at jkessler@energy.state.ca.us. The status of the project, an electronic copy of the AFC, copies of notices, and other relevant documents are also available on the Energy Commission's web site at <http://www.energy.ca.gov/sitingcases/sentinel/index.html>.

Sincerely,

Original Signature in Dockets
EILEEN ALLEN
Siting and Compliance Office Manager

Enclosure
Mailed to list:
7242 - Agency