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State Of California

The Resources Agency of California

Memorandum

To: Chairman Jackalyn Pfannenstiel, Presiding Member
Commissioner Jeffrey Byron, Associate Member

Date: April 22, 2008
Telephone: (916) 651-8853
File: 06-AFC-2

From: California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512


Robert Worl
Siting Project Manager

Subject: **STATUS REPORT # 6 FOR THE HIGHGROVE PROJECT (06-AFC-2)**

AES MANAGEMENT CHANGES AND CURRENT SITE CONDITIONS

On March 31, 2008, the original Highgrove Project manager, Julie Way, left AES North America, and Don Vawter is now the new AES Highgrove, LLC, Project Manager. He may be contacted as follows: don.vawter@aes.com or by telephone at 562-493-7811.

On February 27, 2008, Southern California Edison (SCE) entered the site and graveled the approach to their Highgrove Substation on the west side of the project site. Staff believes that this location is an area that is covered by an active soils testing and possible remediation zone associated with a Department of Toxic Substances Control (DTSC)-monitored Corrective Action Consent Agreement and a recently approved work plan for that process. The applicant has been in contact with the (DTSC) to document the areas affected, and the materials that were deposited. This gravelling action was taken without consultation with the applicant, and staff was promptly notified of the event. No further action is planned at this time beyond requesting copies of any subsequent documentation.

AGENCY COMMENTS

California Department of Toxic Substances Control

As part of the ongoing compliance with the DTSC-approved the work plan for the Corrective Action Consent Agreement for the site (December 20, 2007), SCE has begun taking additional soil samples and conducting the appropriate analyses as required by the work plan. This work must be done prior to any demolition and subsequent clean up of the existing old Highgrove Generating Station facilities on the southern portion of the site.

Colton Joint Unified School District

In a recent email exchange with Alice Grundman at the Colton Unified School District, staff was informed that the planned high school site east of Taylor Road remains the preferred location. Currently construction is estimated to begin January of 2009.

PROOF OF SERVICE (REVISED 11/2/07) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 4/22/08

MS

South Coast Air Quality Management District

The South Coast Air Quality Management District (SCAQMD, District) has written a letter to the applicant dated April 1, 2008, regarding AES Highgrove, LLC's transfer of title of PM10 and SOx emission reduction credits to a third party. The transfer of these credits, previously held by the company, was determined by the District as a basis for denying the applicant's eligibility to access the Priority Reserve under the current amended Rule 1309.1 sections (d)(6), and section (c)(3). The District letter requested additional information regarding the applicant's ability to fully offset its emission increases by April 30, 2008. The District will use this information to determine eligibility for a SCAQMD permit under terms of Rule 1303(b)(2) which requires an applicant to hold emission reduction credits sufficient to offset all of a potential project emission increases. Mr. Vawter has informed me that AES has initiated conversation with the SCAQMD regarding the District's determination.

SCHEDULE

The uncertainties regarding the project status with the South Coast Air Quality Management prohibit preparing a schedule for the remainder of the project at this time. Energy Commission staff and the applicant will be discussing the options available to the Highgrove Project, which may include the possible suspension or withdrawal of the current project. Staff will continue to monitor the discussions between the applicant and the District regarding the Highgrove Project's eligibility to access the Priority Reserve per the April 1, 2008 letter to AES Highgrove, LLC. As we receive new information, we will continue to update the Committee and interested parties in status reports.

cc: Docket (06-AFC-2)
Proof of Service List

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

**APPLICATION FOR CERTIFICATION
FOR THE AES HIGHGROVE
POWER PLANT PROJECT**

**Docket No. 06-AFC-2
PROOF OF SERVICE
(Revised 11/2/07)**

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

**CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-02
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us**

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DECLARATION OF SERVICE

I, Maria Sergoyan, declare that on April 22, 2008, I deposited copies of the attached Status Report #6 for the Highgrove Project (06-AFC-2) in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

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.



Maria Sergoyan