

CALIFORNIA ENERGY COMMISSION1516 NINTH STREET
SACRAMENTO, CA 95814-5512

December 11, 2008

TO: AGENCY DISTRIBUTION LIST

**REQUEST FOR AGENCY COMMENTS ON THE PRELIMINARY STAFF
ASSESSMENT FOR THE PROPOSED CARLSBAD ENERGY CENTER
PROJECT (07-AFC-6)****NOTICE OF PUBLIC WORKSHOP**

Wednesday, January 7, 2009

10am – 7pm

&

Thursday, January 8, 2009

11am – 5pm

Sheraton Carlsbad
5480 Grand Pacific Drive
Carlsbad, CA 92008
(Wheelchair Accessible)
(Map Attached)**DOCKET**
07-AFC-6

DATE DEC 11 2008

RECD. DEC 15 2008

The enclosed Preliminary Staff Assessment (PSA) contains the California Energy Commission staff's initial engineering and environmental evaluation of the Carlsbad Energy Center Project (CECP) Application for Certification (07-AFC-6).

Summary of the California Energy Commission Staff's Preliminary Findings

Staff's preliminary analysis shows that, with the exception of Air Quality, Biological Resources, and Visual Resources, the CECP's potential impacts will be mitigated to a less than significant level. Staff believes the impacts to Air Quality are not currently mitigated. Staff's preliminary analysis has identified undetermined cumulative impacts in the areas of Biological Resources and Visual Resources.

Summary of the Proposed Carlsbad Energy Center Project (07-AFC-6)

Carlsbad Energy Center LLC (the applicant) filed an Application for Certification to the California Energy Commission on September 14, 2007, to construct and operate the Carlsbad Energy Center Project (CECP), a 558-megawatt (MW) gross combined-cycle power generating facility configured with two Siemens SCC6-5000F natural-gas power blocks. The CECP would be built at the existing Encina Power Station (EPS) in the city of Carlsbad, California. On October 24, 2007, the Energy Commission received a supplement to the CECP Application for Certification (AFC) providing more detailed information on the project, and on October 31, 2007, the Energy Commission found that the CECP AFC was data adequate, initiating staff's review of the proposed project.

The 23-acre CECP would be located on the northeast section of the 95-acre Encina Power Station (EPS), located along the western, coastal border of the city of Carlsbad in northern San Diego County. The proposed site is currently occupied by the EPS tank farm, including above-ground fuel oil Tanks 5, 6, and 7. As proposed by the applicant, these fuel oil tanks would be demolished and removed, and the soil upon which the

tanks currently stand would be remediated, as appropriate. The EPS has been in operation since the early 1950s and periodically expanded. EPS Units 1, 2, and 3 (circa 1950 steam boilers that provided the initial electrical generation) would be permanently retired once the CECP (Units 6 and 7) is approved and operational. EPS Units 4 and 5, part of a subsequent EPS expansion that occurred in the late 1970s, would continue generating electricity regardless of this proceeding or its outcome. CECP construction is proposed to begin during the third quarter of 2009 and take 25 months to complete. The applicant expects commercial operations to begin in late summer, 2011.

The CECP would connect its nominal 540 megawatts (MWs) of electricity to the existing Encina 138 kilo-volt (kV) switchyard and to a proposed new Encina 230 kV switchyard. Transmission interconnections to these adjacent switchyards would be comprised of an overhead line from CECP Unit 6 to the 138-kV switchyard, and a combined, above and below ground cable from CECP Unit 7 to the proposed new 230-kV substation.

Natural gas would be provided through a new 1,100-foot long interconnection to an existing Southern California Gas Company high pressure natural gas line located adjacent to the CECP site. The existing natural gas pipeline currently fuels all EPS units, which only burn fuel oil #6 in the event of a forced outage of natural gas or to test fire the existing units on fuel oil to meet California Independent System Operator (California ISO) requirements. The new CECP units would be natural gas-fired only, with no fuel oil emergency backup capability. Of the tank farm units, only EPS Tank 4 would continue to store fuel oil as a precautionary emergency fuel source in the unlikely event that natural gas deliveries to the facility were unexpectedly interrupted.

The new CECP facility would be air-cooled, eliminating the daily need of large quantities of once-through cooling seawater. The minimal water necessary for CECP's industrial purposes would be provided through an on-site ocean water purification (desalination) system. Purified ocean water will be used for CECP's process water, evaporative cooling water, miscellaneous plant uses (e.g., equipment wash water), and possibly onsite irrigation. The proposed desalination system would utilize EPS' current ocean water intake and discharge facilities. Approximately 4.32 million gallons of ocean water per day would generate approximately 700,000 gallons per day of industrial water during peak generation. Potable water (suitable for drinking and showering) for the proposed project would be obtained through the City of Carlsbad's water delivery system. Stormwater would be collected on site and directed to a detention basin on the northernmost section of the proposed site.

Energy Commission Licensing Authority

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

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We request that you review the enclosed PSA 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 Mike Monasmith, Siting Project Manager, no later than 5:00 p.m., January 30, 2009 at the address on this letterhead or by email to mike.monasmith@energy.state.ca.us. Technical or project schedule questions should be directed to Mr. Monasmith at (916) 654-4894 or by email. You may also present your comments at the public workshop on the PSA. The workshop will be held on Wednesday, January 7, 2009, from 10:00 a.m. until 7:00 p.m., and Thursday, January 8, 2009, from 11a.m. to 5 p.m. Comments received will be used for preparing the Final Staff Assessment (FSA), which will be staff's testimony in evidentiary hearings. The FSA will be published during the second half of March, 2009.

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/carlsbad/index.html>

Sincerely,



TERRENCE O'BRIEN, Deputy Director
Siting, Transmission and Environmental
Protection Division

Date: 12/11/08

Enclosure

Mailed to list: CECP

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