

ORANGE GROVE ENERGY, L.P.

1900 East Golf Road, Suite 1030, Schaumburg, IL 60173 (847) 908-2800

April 25, 2008

Commissioner James Boyd
Vice Chair, California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET	
07-SPPE-2	
DATE	<u>APR 25 2008</u>
RECD.	<u>APR 25 2008</u>

Ref: Orange Grove Power Plant Project, Docket 07-SPPE-2

Dear Mr. Boyd,

Orange Grove Energy, L.P. wishes to withdraw its Small Power Plant Exemption application that is currently before the Commission. Given today's hearing, we see no benefit in continuing in the current process and anticipate refileing an Application for Certification ("AFC") once the Project completes the studies required to meet AFC data adequacy.

The Orange Grove Project (the "Project") was conceived as a fast-track development to meet SDG&E's summer 2008 peak needs. The SPPE appeared to be an appropriate choice for the Project, given the faster schedule and streamlined data requirements for the application. As is unavoidable with any fast-track process, certain details of the Project needed to be worked out as the process unfolded. At the time, it was our assumption that changes would be minor and would occur through a dialogue with CEC and San Diego County.

Unfortunately, our initial premise did not anticipate the two substantial modifications that the Project required: securing a source of reclaimed water as suggested by staff and the revision of the gas-line route. In the fall of last year, it was determined that construction of the gas line in the State Route 76 right-of-way was a key concern to Caltrans and local businesses. Moving the gas-line out of the road alleviated these concerns, but had the consequence of triggering the federal permit requirements that otherwise would not have applied to the Project.

Although the gas-line rerouting and other changes have brought into question the appropriateness of the SPPE for the Project, it is our view that they do not diminish its viability. Numerous stakeholders and local agencies have been engaged in arriving at the current project configuration. The current project design addresses the potential environmental impacts and considers the numerous views of the community.

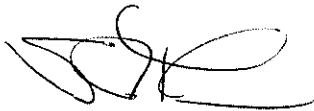
Even as Orange Grove withdraws the SPPE application, the Project is moving forward. Biologic surveys are in process along the gas-line route and, where needed, appropriate mitigation strategies are being designed. Orange Grove should complete its surveys by the beginning of July and hopes to achieve AFC data adequacy shortly thereafter. Staff's outstanding questions have been noted and will be addressed in the new filing.

Orange Grove Energy does not regret the Project changes, but has determined that it is not prudent to continue to consume CEC Staff resources in the context of the existing SPPE application. Orange Grove greatly appreciates the time and effort exerted by the Commission and its Staff to date to evaluate the project and address procedural issues unique to the SPPE process. However, we do not believe this will be wasted effort. The result will be a better project and most of the work of the parties will be useful for the future evaluation of the project.

We share a common view with the Committee on the correct path forward. By withdrawing now, we can avoid expending additional Staff or Committee resources to address the environmentally delicate aspects of the project within the context of the SPPE. Nonetheless, it is our hope that much of the past eight months of work can be directly applied in a follow-on AFC process.

The statements contained in this letter are true and correct to the best of my knowledge.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Thome', with a stylized flourish at the end.

Stephen J. Thome
Vice President of Development
Orange Grove Energy, L.P.

cc: Ken Celli
Melissa Jones
Felicia Miller

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

**APPLICATION FOR SMALL POWER
PLANT EXEMPTION FOR THE
ORANGE GROVE POWER PLANT**

DOCKET NO. 07-SPPE-2
(SPPE filed 10/10/07)

PROOF OF SERVICE
(Revised 10/16/07)

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

CALIFORNIA ENERGY COMMISSION

Attn: Docket No. 07-SPPE-2
1516 Ninth Street, MS-4
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DECLARATION OF SERVICE

I, Lois Navarrot, declare that on April 25, 2008, I deposited a copy of the attached Orange Grove's Energy, L.P.'s Letter of Withdrawal Dated April 25, 2008 in the United States mail at Sacramento, California 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 the 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.



Lois Navarrot

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

**ORANGE GROVE POWER
PLANT REPLACEMENT PROJECT
SMALL POWER PLANT EXEMPTION**

**Docket No. 07-SPPE -2
PROOF OF SERVICE
Revised (10/16/07)**

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

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DECLARATION OF SERVICE

I, April Esau, declare that on April 25, 2008 I deposited copies of the attached Orange Grove Energy, L.P.'s Letter of Withdrawal of Small Power Plant Exemption Application in the United States mail at Sacramento, California 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.

Original Signature in Dockets
April Esau