

STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

<b>DOCKET</b> <b>06-AFC-4</b>	
DATE	AUG 27 2007
RECD.	AUG 27 2007

In the Matter of: ) Docket No. 06-AFC-4  
)  
Application for Certification, )  
for the VERNON POWER PLANT PROJECT ) APPLICANT'S STATUS REPORT #6  
by The City of Vernon )  
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South Coast Air Quality Management District Rule 1309.1 – Priority Reserve

On August 3, 2007, the Governing Board of the South Coast Air Quality Management District (“SCAQMD”) adopted amendments to SCAQMD Rule 1309.1 – Priority Reserve. While the amended rule imposes additional requirements on facilities seeking to obtain emission offsets from the Priority Reserve, it does not impose a limit on the size of the project, as had been proposed in earlier SCAQMD staff proposals.

Offset Acquisition

The City of Vernon has recently purchased 100,000 pounds of NOx RECLAIM Trading Credits (perpetuity credits) for the project.

Revised Site Configuration

At the May 14, 2007 Issue Resolution Workshop, the California Energy Commission (“CEC”) staff and an adjacent property owner, Rite-Way Meats, expressed concerns about potential impacts associated with the location of the project’s cooling towers. Applicant’s analysis indicated that these concerns were unfounded. However, in an effort to resolve outstanding issues associated with the project and to move it forward in the licensing effort, the Applicant has reconfigured the project to relocate the cooling towers to the south end of the site.

The revised general arrangement is attached. Applicant is in the process of preparing a supplement to the Application for Certification, which will include a revised project description reflecting the change in configuration, and an analysis of any changes in project impacts that are expected to result. It is anticipated that the supplement will be submitted to the CEC within four to six weeks.

Discussions with Adjacent Property Owner

On July 31, 2007, Applicant met with representatives of Rite-Way Meat Packers, Inc., a food processing facility located adjacent to the Project site, regarding its concerns about the possibility

for airborne pathogens from the Project to be drawn into the ventilation system of the adjacent facility. Although Applicant does not believe that these concerns are substantiated, Applicant presented the revised general arrangement for the Project which locates the cooling towers further away from the Rite-Way Meat Packers facility. Rite-Way Meat Packers requested that Applicant conduct additional analysis of the potential for the Project to affect its operations, and that work is underway.

### Transmission System Engineering

In a CEC workshop held on May 14, 2007, staff data requests were answered and clarified. Written responses were subsequently made and submitted as Data Response, Set 3A, Responses to Data Requests: Waste Management, Nos. 60-68 and Transmission System Engineering, Nos. 69-74). After these submittals, additional work was completed, and additional data has been submitted.

### *LADWP Comment Letter on the SCE System Impacts Study*

In Data Request 70, the CEC inquired about the potential impacts on the system of the Los Angeles Department of Water and Power ("LADWP"). Southern California Edison's ("SCE") studies were forwarded to LADWP on May 21, 2007, with a request for a reply by June 8, 2007. Despite repeated attempts, the last documented by Abraham Alemu's internal e-mail to Donal O'Callaghan dated July 12, 2007, there has been no reply by LADWP. Our position, as well as that of the California Independent System Operator ("CAISO") and SCE, is that there are no relevant impacts on LADWP's system. Unless the CEC wishes to compel a response by LADWP, we believe this issue is closed.

### *City of Vernon Short Circuit Study*

In Data Request 71.c, the CEC asked for a Short Circuit Duty report for the City's 66 kV System. This study was provided on July 19, 2007, as part of Data Response Set 3B. The study concludes that there is ample short circuit duty capability to accommodate the Project.

### *CAISO Preliminary and Final Interconnection Approval*

In Data Request 73, the CEC inquired about preliminary and final interconnection approvals from the CAISO. We believe that these are no longer required because they have been superseded by the Large Generator Interconnection Procedure of the CAISO tariff. However, we agreed to pursue this and obtain further clarification from the CAISO. While the CAISO has not responded to Abraham Alemu's May 15, 2007 e-mail, the CAISO has confirmed our answer in a communication from a different proceeding. In a letter dated August 8, 2007, to Mark Hesters of the CEC staff, from Judy Nickel of the CAISO, with the subject "Data Adequacy Determination for CPV Sentinel Project, Docket No. 07-AFC-03," the CAISO states:

[W]ith the transition to the Large Generation Interconnection Procedure, the CAISO no longer issues preliminary and final CAISO interconnection "approvals." Rather, once an interconnection customer has met the requirements specified in the CAISO tariff, the interconnection customer receives a draft LGIA.

A copy of this letter is attached for reference.

### *Completed Facilities Study*

The 610 MW Facilities Study has been completed and submitted to the CEC on July 19, 2007, as part of Informal Data Response Set 1C. The City of Vernon has executed the 304 MW Interconnection Facilities Study Agreement, and the 304 MW Facilities study is underway. Because the generator tie line analyzed in the 640 MW study was designed to be sufficient for 914 MW without material changes, and because transmission upgrades requiring changes outside existing substations are not anticipated, the 640 MW Facilities study describes all the relevant impacts of the proposed project. Due to projects dropping from its queue, the CAISO and SCE are performing a "Re-study." No additional transmission impacts are anticipated.

Section 11.2 of the Large Generator Interconnection Procedure states that "the Participating TO, and the ISO as necessary, shall begin negotiations with the Interconnection Customer concerning the appendices to the [Large Generator Interconnection Agreement ("LGIA")] at any time after the Interconnection Customer executes the Interconnection Facilities Study Agreement." If the CAISO and SCE do not initiate this process soon, the City of Vernon intends to use this clause to initiate the negotiations so that a completed LGIA can be available this fall.

### Outstanding Discovery Requests

Applicant intends to provide responses to Waste Management Data Requests 60, 62b, 64, 65, and 67. However, Applicant must receive a copy of the Feasibility Study/Remedial Action Plan (FS/RAP) from the property owner's consultant (i.e., Geomatrix) before it is able to respond to the outstanding Waste Management requests. Applicant continues to follow up to ascertain that it has the information needed to properly respond to outstanding data requests.

### Community Outreach

Applicant seeks to educate the community about the Project and resolve any issues that the community may have. To that end, Applicant continues to communicate, telephonically and via email, with nearby cities, including their elected officials and chambers of commerce; school districts; municipal water districts and other local utilities; hospitals; associations; non-profit organizations; businesses; civic organizations; and unions.

DATED: August 27, 2007

Respectfully submitted,

  
(PEK)

Michael J. Carroll  
of LATHAM & WATKINS  
Counsel to Applicant

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August 27, 2007

File No. 037484-0006

## VIA FEDEX

CALIFORNIA ENERGY COMMISSION  
Attn: Docket No. 06-AFC-4  
1516 Ninth Street, MS-4  
Sacramento, California 95814-5512

Re: Vernon Power Plant Project: Docket No. 06-AFC-4

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 Status Report #6.

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 06-AFC-4 Proof of Service List (w/ encl.)  
Michael J. Carroll, Esq. (w/ encl.)



August 8, 2007

Mark Hesters  
California Energy Commission, MS-46  
1516 Ninth Street  
Sacramento, CA 95814

**Re: Data Adequacy Determination for CPV Sentinel Project, Docket No. 07-AFC-03**

Dear Mr. Hesters:

The California Energy Commission ("Commission") recently issued a data adequacy determination for the CPV Sentinel Project, Docket No. 07-AFC-03 ("the Project"). It has been brought to my attention that the application has not been found to be data adequate with respect to two transmission-related items. First, the Commission has questioned whether the System Impact Study ("SIS") submitted for the Project is adequate because it does not examine projected system conditions as of the current June 2010 on-line date. See Data Adequacy Determination at page 72. Second, the Commission has asked for "the expected dates when the preliminary and final interconnection approvals will be received from the Independent System Operator." See Data Adequacy Determination at page 73.

I am writing to provide further information which may assist the Commission in making its data adequacy determination. With respect to the SIS, the study provided to the Commission as part of the Project's Application for Certification ("AFC") is the current SIS. The California Independent System Operator ("CAISO") expects to execute the Large Generator Interconnection Agreement ("LGIA") before the end of this month. Pursuant to Section 12.2.4 of the Large Generator Interconnection Procedures included in the CAISO Tariff, additional studies can be required prior to the in-service date. The CAISO routinely requires an operational study examining the impact of adding the proposed project as of the in-service date; the LGIA for the Project will require such a study.


Southern California Edison has indicated it expects to commence the operational study for the Project roughly sixty days after the LGIA is signed and that it will take roughly sixty days to complete. Consequently, the operational study should be concluded by some time early next year. In short, projected system conditions as of the June 2010 in-service date will be studied prior to interconnection of the Project. Consequently, the CAISO does not believe it would be necessary or appropriate to defer the data adequacy determination pending completion of the study given the delay this could cause to the Project.

With respect to the expected dates of "preliminary and final interconnection approvals," the CAISO provided preliminary approval to the Project on July 5, 2001. Since that date, with the transition to the Large Generation Interconnection Procedure, the CAISO no longer issues preliminary and final

interconnection "approvals." Rather, once an interconnection customer has met the requirements specified in the CAISO tariff, the interconnection customer receives a draft LGIA. The CAISO tendered a draft LGIA for the Project in February of this year. The AFC includes in Appendix H a January 12, 2007 letter from the CAISO. As this letter implies, the project has the approval of the CAISO to interconnect to the grid. The terms upon which interconnection will occur will be specified in the LGIA.

Please let me know if you need further information.

Sincerely,



Judy Nickel  
Project Manager  
California ISO

Cc: Yi Zhang (via email ISO)  
David Le (via email ISO)  
Dennis Peters (via email ISO)

John Tucker (via email SCE)

Bill Kissinger (via email)

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

In the Matter of:	)	Docket No. 06-AFC-4
	)	
Application for Certification,	)	<b>ELECTRONIC PROOF OF SERVICE</b>
for the VERNON POWER PLANT PROJECT	)	<b>LIST</b>
by the City of Vernon	)	
	)	(Revised August 22, 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. 06-AFC-4  
1516 Ninth Street, MS-4  
Sacramento, California 95814-5512  
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Transmission via electronic mail addressed to the following:

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VERNON POWER PLANT PROJECT  
CEC Docket No. 06-AFC-4

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CEC Docket No. 06-AFC-4

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VERNON POWER PLANT PROJECT  
CEC Docket No. 06-AFC-4

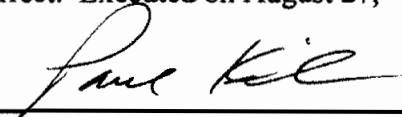
DECLARATION OF SERVICE

I, Paul Kihm, declare that on August 27, 2007, I deposited the required original signed copy of the attached:

**APPLICANT'S STATUS REPORT #6**

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 August 27, 2007, at Costa Mesa, California.

  
\_\_\_\_\_  
Paul Kihm