

Memorandum

Date: May 10, 2011
Telephone: (916) 654-4206

To: Commissioner Carla Peterman, Presiding Member
Commissioner Karen Douglas, Associate Member

From: California Energy Commission - Eric Solorio
1516 Ninth Street Siting Project Manager
Sacramento, CA 95814-5512

DOCKET	
11-AFC-1	
DATE	<u>05/10/11</u>
RECD.	<u>05/10/11</u>

Subject: **PIO PICO ENERGY CENTER (11-AFC-1), REVISED ISSUES IDENTIFICATION REPORT**

Attached is staff's Issues Identification Report for the Pio Pico Energy Center (11-AFC-1). This report serves as a preliminary scoping document that identifies the issues that the California Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the Issues Identification Report at the Informational Hearing and Site Visit to be held on Monday, May 16, 2011.

This report also provides a proposed schedule pursuant to the 12-month Application for Certification process.

cc: Docket (11-AFC-1)
Proof of Service List

Attachment: (1) Issues Identification Report

PIO PICO ENERGY CENTER
(11-AFC-1)

ISSUES IDENTIFICATION REPORT
May 10, 2011

CALIFORNIA ENERGY COMMISSION
Siting, Transmission and Environmental Protection

**ISSUES IDENTIFICATION REPORT
PIO PICO ENERGY CENTER
(11-AFC-1)**

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ISSUES IDENTIFICATION REPORT

This report has been prepared by the California Energy Commission staff to inform the Pio Pico Energy Center (PPEC) Committee and all interested parties of the potential issues that have been identified in the case thus far. These issues have been identified as a result of staff's discussions with federal, state, and local agencies, and our review of the PPEC Application for Certification, Docket Number 11-AFC-1. The Issues Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. Staff will address these issues and progress made towards their resolution by submitting monthly status reports to the Committee.

PROJECT DESCRIPTION

The PPEC project is proposed to be located on approximately 10 acres of disturbed land on the southeast quadrant of the Alta Road and Calzada de la Fuente intersection. The construction lay down (equipment and materials) area is proposed to be 6-acres of an adjacent parcel to the south (see attached Figures 3.3-2 Project Description and Figure 3.3-3 Potential Linears).

Power Plant Technology

The generating facility would include three General Electric (GE) LMS100 natural gas-fired combustion turbine generators (CTGs), each equipped with water injection to the combustors for reducing production of oxides of nitrogen (NO_x), a selective catalytic reduction (SCR) system with 19 percent aqueous ammonia injection to further reduce NO_x emissions, and an oxidation catalyst to reduce carbon monoxide (CO). Thermal energy is produced in the CTGs through the combustion of natural gas, which is converted into mechanical energy to drive the combustion turbine compressors and electric generators. The total net generating capacity would be approximately 300 MW.

Prominent Visual Features

Following are some of the more important and/or larger project features related to the visual impact assessment:

- Three (3) combustion turbine generators which are 40-feet tall and approximately 130-feet long.
- Three (3) 100-feet tall combustion turbine generator (CTG) stacks.
- Three (3) variable bleed vents with silencers proposed at 53-feet tall.
- Three (3) 35-feet tall hot selective catalytic reduction systems (SCR).
- One (1) hybrid-cooling system at 23-feet tall, 14-feet wide and approximately 400-feet long.
- A proposed 30-feet tall raw water storage tank and a 30-feet tall demineralized water storage tank.

Electrical Transmission System

Two alternative routes are proposed for a 230kV transmission line that would connect the project into the existing 230kV Otay Mesa switchyard. Route A would begin as an overhead power line along Calzada de la Fuente, extend approximately 1,700 feet east where it would then be routed underground for approximately 400 feet into the Otay Mesa switchyard (total length of Route A would be approximately 2,100 feet). Route B would be an overhead power line from the eastern edge of the project site, run south approximately 550 feet, then turn east along the northern border of the parcels with APN 648-040-48 and APN 648-040-43 for 1,400 feet, and finally turn north for approximately 700 feet into the Otay Mesa switchyard (total length of Route B would be approximately 2,650 feet).

Natural Gas Pipeline

There are two alternative routes for the natural gas supply pipeline. Both routes would connect to an existing San Diego Gas & Electric (SDG&E) natural gas pipeline, but at different locations. Route A would extend approximately 8,000 feet south along Alta Road to near the US–Mexico border, at which point it would connect to the existing SDG&E natural gas pipeline. Route B would extend approximately 2,375 feet south along Alta Road, turn west on Otay Mesa Road, and continue approximately 7,920 feet to Harvest Road at which point it would connect to the existing SDG&E natural gas pipeline for a total of approximately 10,300 feet. The pipeline will be constructed, owned, and operated by SDG&E.

Sewer Pipeline

An underground sewer pipeline connection would be made to an existing 12-inch sewer main along Calzada de la Fuente along the north project site boundary or to an existing 15-inch sewer main along Alta Road, along the west project site boundary.

Stormwater Pipeline

An underground stormwater pipeline connection would be made from a detention pond located at the northwest corner of the project site to an existing 30-inch stormwater pipeline located along Calzada de la Fuente, adjacent to the project site.

Water Supply Pipelines

The project would make a short connection to the Otay Water District's (OWD) potable service system, either at an existing 12-inch main along Calzada de la Fuente, or at an existing 24-inch main along Alta Road. Upon OWD's completion of the planned east Otay Mesa area recycled water system, the project would make a connection to the new 24-inch recycled water main to be constructed in Alta Road.

Construction Schedule

The start of construction is planned for February 2013 with testing planned for March 2014 and commercial operation planned to begin in May 2014. The PPEC has signed a 20-year power purchase agreement (PPA) with SDG&E.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential major issues that staff has identified to date. Discovery has not yet taken place and potentially interested parties have not yet had an opportunity to identify their concerns. The identification of the potential issues contained in this report is based on comments of other government agencies received to date and on staff's judgment of whether any of the following circumstances will occur:

- Potential significant impacts which may be difficult to mitigate;
- Potential areas of noncompliance with applicable laws, ordinances, regulations or standards (LORS);
- Areas of conflict between the parties; or
- Areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated and notes those areas where major issues have been identified. Although most technical areas are identified as having no potential issues, it does not mean that an issue will not arise in the future. In addition, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops and potentially during subsequent hearings.

Major Issue	Subject Area	Major Issue	Subject Area
No	Air Quality	No	Noise and Vibration
No	Alternatives	No	Paleontological Resources
No	Biological Resources	No	Public Health
No	Cultural Resources	No	Socioeconomics
No	Efficiency and Reliability	No	Soil Resources
No	Facility Design	No	Traffic and Transportation
No	Geological Resources	No	Transmission Line Safety
No	Hazardous Materials	Yes	Transmission System Engineering
No	Worker Safety and Fire Protection	No	Visual Resources
No	Land Use	No	Waste Management
No	Project Description	Yes	Water Resources

This report does not limit the scope of staff's analysis throughout this proceeding, but acts to aid in the identification and analysis of potentially significant issues that the PPEC project poses. The following discussion summarizes major issues, identifies the parties needed to resolve the issue, and outlines a process for achieving resolution.

Transmission System Engineering

BACKGROUND AND MAJOR ISSUES

Although the California ISO Phase I and Phase II Interconnection Studies are underway, they are not yet completed or available for staff to review at this time. The completed Phase I Study is required for staff to determine the potential need for downstream transmission facilities. If the studies show the project would cause any transmission line overloads which might require transmission line reconductoring or other significant downstream upgrades, a general CEQA analysis of those upgrades will be required. The environmental analysis of potential upgrades could cause a delay in the licensing process for the Pio Pico Energy Center project.

Staff will confer with the applicant, CAISO and SDG&E to understand when the Phase I and Phase II Interconnection Studies will be available and will prepare data requests to obtain them.

Water Resources

BACKGROUND AND MAJOR ISSUES

The Pio Pico Energy Center (PPEC) project proposes to meet all of its process water needs with recycled water, approximately 380 acre feet per year. The Otay Water District (OWD) is responsible for delivering potable water to customers within its jurisdictional area, and OWD also maintains and operates a recycled water system. Although OWD has issued a "will serve" letter to supply recycled water to the PPEC, currently the infrastructure (pipeline) is not installed in the east Otay Mesa area. OWD expects to expand its recycled water system to this area by June 2013.

Construction of the PPEC is anticipated to begin in February 2013 and the estimated commercial online date is May 2014. Until the recycled water can be delivered, OWD has agreed to meet PPEC's near-term process water demands using potable water. Since OWD has no local supply of raw water, potable water or groundwater resources, OWD plans to meet projected demands for potable water from imported water. The two primary sources of imported water to the region come from the Colorado River Aqueduct and the California Aqueduct.

Staff is concerned that any potential delays in the availability of recycled water would prolong the PPEC's dependence on potable water. Although the planning and environmental clearance is complete or near completion, funding is not yet secured to expand the recycled water system to the proposed PPEC site. The uncertainty of recycled water availability requires a comprehensive analysis of potable water as a bridging source for PPEC's process needs. The additional analysis could lead to mitigation measures that are unknown at this time.

Staff will work with OWD to better understand the timing of financing and constructing the recycled water system.

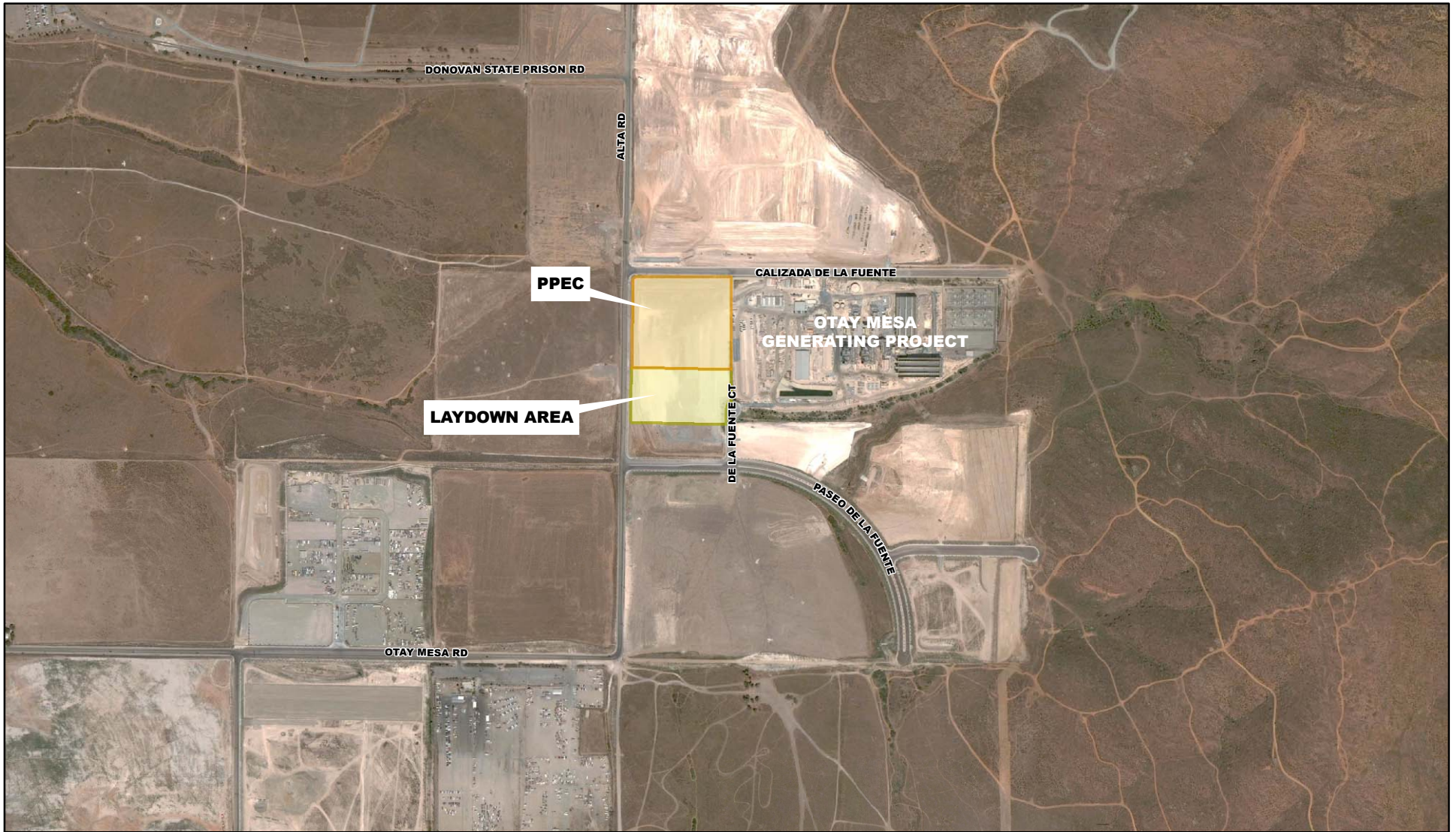
SCHEDULING

Following is staff's proposed schedule for key events of the PPEC project. Meeting the proposed schedule will depend on: the applicant's timely response to staff's data requests, the timing of the San Diego Air Pollution Control District's (SDAPCD's) filing of the Final Determination of Compliance, determinations by other local, state and federal agencies; and other factors not yet known. The SDAPCD will need to provide a Preliminary Determination of Compliance (PDOC) and a Final Determination of Compliance (FDOC). Prior to the publication of the Preliminary Staff Assessment (PSA), staff prefers to have a PDOC from the air district; and an FDOC before staff publishes the Final Staff Assessment (FSA).

ENERGY COMMISSION STAFF'S PROPOSED SCHEDULE

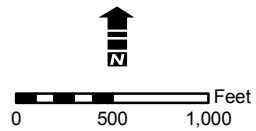
PIO PICO ENERGY CENTER (11-AFC-1)

	ACTIVITY	Calendar Day
1	Application for Certification determined to be "Data Adequate" at Commission Business Meeting	04-20-11
2	Staff files Issue Identification Report	05-06-11
3	Staff files 1st Round Data Requests	05-13-11
4	Information hearing and site visit	05-16-11
5	Applicant files Data Responses (round 1)	06-13-11
6	Data response and issue resolution workshop (round 1)	06-20-11
7	Staff files data requests (round 2, if necessary)	06-27-11
8	Applicant provides data responses (round 2, if necessary)	07-27-11
9	SDAPCD issues Preliminary Determination of Compliance (PDOC)	07-29-11
10	Data response and issue resolution workshop (round 2)	08-05-11
11	Preliminary Staff Assessment filed	08-31-11
12	Preliminary Staff Assessment workshop(s)	09-15-11
13	SDAPCD issues Final Determination of Compliance (FDOC)	09-29-11
14	Public Comments on PSA are due	09-30-11
15	Final Staff Assessment filed	10-28-11
16	Prehearing Conference*	TBD
17	Evidentiary hearings*	TBD
18	Committee files Presiding Member's Proposed Decision*	TBD
19	Hearing on the PMPD*	TBD
20	Committee files errata or revised PMPD (if necessary)*	TBD
21	Commission issues final Decision	TBD
*Items 16 thru 20 are scheduled by the Committee		



Legend

- Project Site
- Laydown Area



**FIGURE 3.3-2
PROJECT LOCATION**








**PIO PICO
ENERGY CENTER**

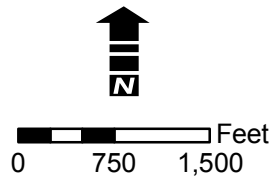
PROJECT NO.: 29874827
DATE: DECEMBER 2010





LEGEND

 Project Site	 Route A 230 kV Transmission Line
 Laydown Area	 Route B 230 kV Transmission Line
 United States/Mexico Border	 Route A Natural Gas Line
	 Route B Natural Gas Line



**FIGURE 3.3-3
POTENTIAL LINEARS**

**PIO PICO
ENERGY CENTER**

PROJECT NO.: 29874827
DATE: NOVEMBER 2010





**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV**

**APPLICATION FOR CERTIFICATION
FOR THE *PIO PICO ENERGY CENTER, LLC***

**Docket No. 11-AFC-1
PROOF OF SERVICE**

APPLICANT

Gary Chandler, President
Pio Pico Energy Center
P.O. Box 95592
South Jordan, UT 84095
grchandler@apexpowergroup.com

David Jenkins, Project Manager
Pio Pico Energy Center, LLC
1293 E. Jessup Way
Mooresville, IN 46158
djenkins@apexpowergroup.com

APPLICANT'S CONSULTANTS

Maggie Fitzgerald, Project Manager
URS Corporation
2020 East 1st Street, Suite 400
Santa Ana, CA 92705
maggie_fitzgerald@urscorp.com

COUNSEL FOR APPLICANT

John A. McKinsey
Melissa A. Foster
Stoel Rives, LLP
500 Capitol Mall, Suite 1600
Sacramento, CA 95814
jamckinsey@stoel.com
mafoster@stoel.com

INTERESTED AGENCIES

California ISO
E-mail Preferred
e-recipient@caiso.com

ENERGY COMMISSION

CARLA PETERMAN
Commissioner and Presiding Member
cpeterma@energy.state.ca.us

Jim Bartridge
Adviser to Commissioner Peterman
jbartrid@energy.state.ca.us

KAREN DOUGLAS
Commissioner and Associate Member
kldougla@energy.state.ca.us

Galen Lemei
Adviser to Commissioner Douglas
glemei@energy.state.ca.us

Raoul Renaud
Hearing Officer
rrenaud@energy.state.ca.us

Eric Solorio
Siting Project Manager
esolorio@energy.state.ca.us

Kevin W. Bell
Staff Counsel
kwbell@energy.state.ca.us

Jennifer Jennings
Public Adviser
E-mail preferred
publicadviser@energy.state.ca.us

DECLARATION OF SERVICE

I, Maria Santourdjian, declare that on May 10, 2011, I served and filed copies of the attached Pio Pico Energy Center (11-AFC-1), Issues Identification Report, dated May 10, 2011. The original document filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at: [\[http://www.energy.ca.gov/sitingcases/piopico/index.html\]](http://www.energy.ca.gov/sitingcases/piopico/index.html).

The documents have been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

(Check all that Apply)

FOR SERVICE TO ALL OTHER PARTIES:

- sent electronically to all email addresses on the Proof of Service list;
- by personal delivery;
- by delivering on this date, for mailing with the United States Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses **NOT** marked "email preferred."

AND

FOR FILING WITH THE ENERGY COMMISSION:

- sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (*preferred method*);

OR

- depositing in the mail an original and 12 paper copies, as follows:

CALIFORNIA ENERGY COMMISSION

Attn: Docket No. 11-AFC-1
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

I declare under penalty of perjury that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

Originally Signed by _____
Maria Santourdjian