



DOCKET	
11-AFC-1	
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May 13, 2011

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BY HAND DELIVERY AND EMAIL

The Honorable Carla Peterman, Presiding Member
The Honorable Karen Douglas, Associate Member
Hearing Officer Raoul Renaud
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

**Re: Pio Pico Energy Center Project (11-AFC-1)
Response to Staff's Issues Identification Report**

Dear Commissioners and Hearing Officer Renaud:

On May 9, 2011, California Energy Commission ("CEC") Staff presented its Issues Identification Report ("Report") for the Pio Pico Energy Center Project (the "Project" or "PPEC"). Pio Pico Energy Center, LLC ("Applicant") is pleased to provide the following comments in response thereto.

First and foremost, Applicant looks forward to working cooperatively with the CEC Staff, interested agencies, and any parties to the proceeding to ensure that this environmentally superior and regionally important energy project is approved and built on a schedule consistent with the San Diego region's critical need for new local capacity. PPEC will be a very important component toward achieving the region's need for new generation and ensuring a reliable and sufficient supply of clean electrical generation.

PPEC is a proposed simple-cycle power generation project that consists of three General Electric LMS100 natural gas-fired combustion turbine generators. The total net generating capacity would be 300 megawatts, with each CTG capable of generating 100 megawatts. PPEC is proposed to be located on approximately ten acres of disturbed land on the southeast quadrant of Alta Road and Calzada de la Fuente in the Otay Mesa area of San Diego County.

ISSUES RAISED

The Report identifies two potential issue areas associated with PPEC: Transmission System Engineering and Water Resources.



The Honorable Carla Peterman, Presiding Member
May 13, 2011
Page 2

Transmission System Engineering

The Report states that the “completed Phase I Study is required for staff to determine the potential need for downstream transmission facilities.” (Report at 4.) The Report then notes that “[s]taff 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.” (*Id.*)

CAISO issued its Cluster 2 Phase I Interconnection Study Report on November 15, 2010. Applicant anticipates providing the Phase I Study Report to the CEC next week. The Phase II Interconnection Study is currently underway. CAISO anticipates completion of the Phase II Study in September 2011. Applicant will work with Staff and CAISO to ensure Staff receipt of the Phase II Interconnection Study Report upon completion.

Water Resources

PPEC proposes to meet all of its process water needs with recycled water from the Otay Water District (“OWD”). Although OWD has issued a “will serve” letter to supply recycled water to the PPEC, Staff notes in the Report that “currently the infrastructure (pipeline) is not installed in the east Otay Mesa area. . . [but that] OWD expects to expand its recycled water system to this area by June 2013.” (Report at 4.)

Staff notes that Applicant proposed that “[u]ntil the recycled water can be delivered, OWD has agreed to meet PPEC’s near-term process water demands using potable water.” (*Id.*) Staff is concerned about PPEC’s prolonged dependence on potable water if the infrastructure for the delivery of recycled water is not in place by June 2013 as OWD anticipates. Thus, Staff indicates that additional analysis of potable water as a bridging source for PPEC’s process water needs must occur, and such analysis might lead to as yet unknown mitigation measures.

Applicant is willing to work with Staff and OWD to assist Staff’s understanding of the timing of financing and construction of the OWD recycled water system. Applicant will be meeting with Otay Water District and Applicant’s water consultant (Atkins, formerly PBS&J) the morning of May 16, 2011 to obtain additional information on the progress of the required Water Supply Assessment and to get an update on OWD’s recycled water project schedule. Applicant understands that possible mitigation measures might be necessary and is willing to discuss possible mitigation options with Staff if construction of the recycled water pipeline is delayed to the point that the Project must rely on potable water in the interim.



The Honorable Carla Peterman, Presiding Member
May 13, 2011
Page 3

Schedule

Applicant appreciates the schedule proposed by CEC Staff and will continue to cooperate with Staff to continue moving the AFC through the review process.

CONCLUSION

Applicant looks forward to a timely resolution of the issues set forth in the Report and to the Commission's continued processing of the AFC.

Respectfully submitted,

Melissa A. Foster

MAF:jmw

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



BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
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APPLICATION FOR CERTIFICATION
FOR THE *PIO PICO ENERGY CENTER, LLC*

Docket No. 11-AFC-1
PROOF OF SERVICE

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DECLARATION OF SERVICE

I, Ha Nguyen, declare that on May 13, 2011, I served and filed copies of the attached Response to Staff's Issues Identification Report, dated May 13, 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>].

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)

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- 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."

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FOR FILING WITH THE ENERGY COMMISSION:

- sending an original paper copy and one electronic copy, hand delivered 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.


