

# Memorandum

Date: August 31, 2012  
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To: Commissioner Andrew McAllister, Presiding Member  
Commissioner Karen Douglas, Associate Member

California Energy Commission <b>DOCKETED</b> <b>12-AFC-02</b>
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From: California Energy Commission -  
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Siting Project Manager



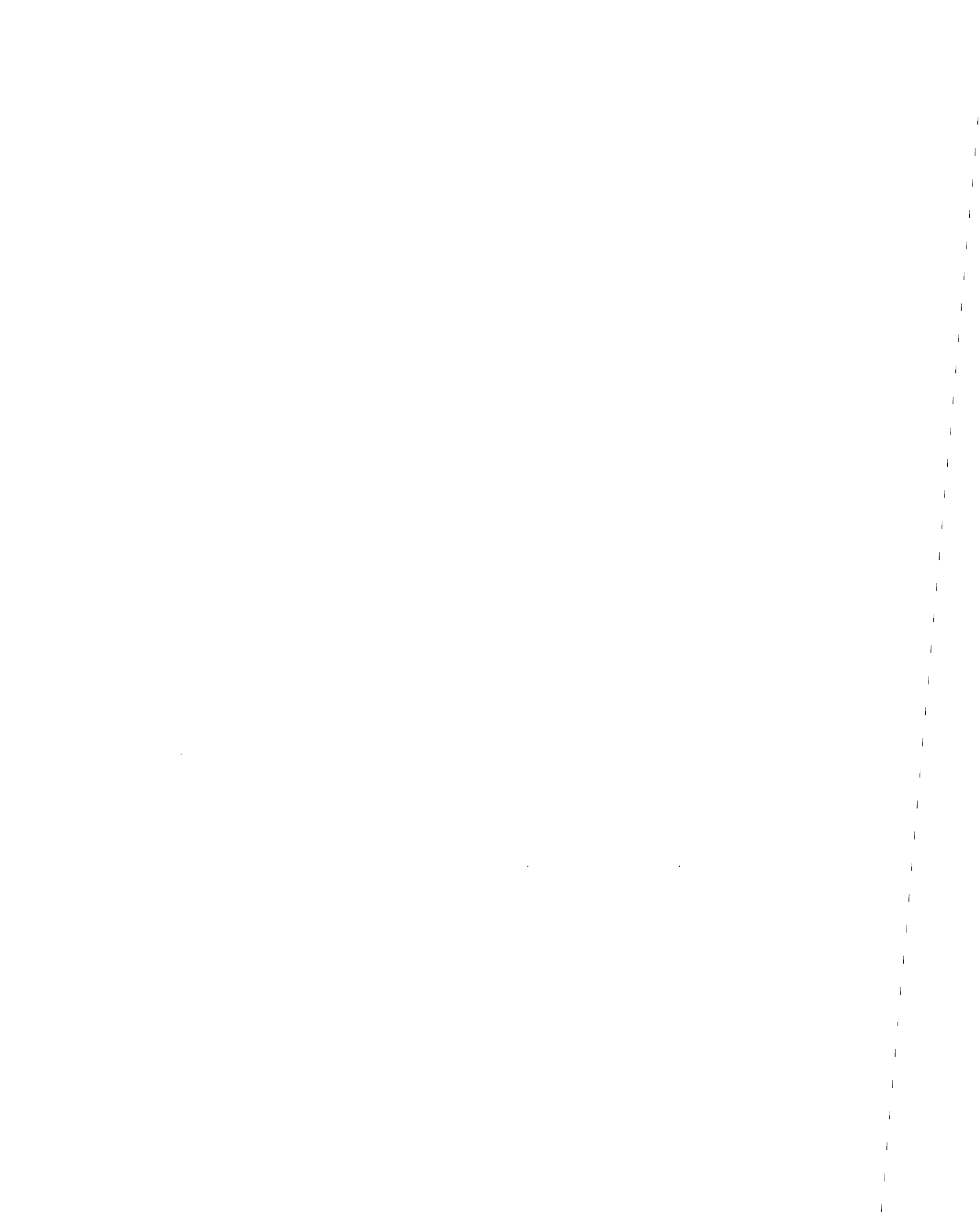
Subject: **HUNTINGTON BEACH ENERGY PROJECT (12-AFC-02) ISSUES IDENTIFICATION REPORT**

Attached is staff's Issues Identification Report for the Huntington Beach Energy Project (12-AFC-02). 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, September 10, 2012.

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

cc: Docket (12-AFC-02)  
Proof of Service List

Attachment: (1) Issues Identification Report



**HUNTINGTON BEACH ENERGY PROJECT**  
(12-AFC-02)

**ISSUES IDENTIFICATION REPORT**  
AUGUST 31, 2012

**CALIFORNIA ENERGY COMMISSION**  
**Siting, Transmission and Environmental Protection Division**

# ISSUES IDENTIFICATION REPORT HUNTINGTON BEACH ENERGY PROJECT

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# ISSUES IDENTIFICATION REPORT

This report has been prepared by the California Energy Commission (Energy Commission) staff to inform the Huntington Beach Energy Project (HBEP) 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 HBEP Application for Certification. The Issues Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. Staff will continue to address these issues and inform the Committee about progress made towards their resolution by submitting regular status reports to the Committee.

## PROJECT DESCRIPTION

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The Huntington Beach Energy Project is proposed to be developed on a 28.6-acre parcel, located in the City of Huntington Beach, just north of the intersection of the Pacific Coast Highway (Highway 1) and Newland Street. The project will be located entirely within the existing Huntington Beach Generating Station, an operating power plant.

HBEP would be a natural gas-fired, combined-cycle, air-cooled, 939-megawatt (MW) electrical generating facility consisting of two independently operating, three-on-one, combined-cycle gas turbine power blocks. Each power block will have three natural gas-fired combustion turbine generators (CTG), three supplemental fired heat recovery steam generators (HRSG), one steam turbine generator (STG), an air-cooled condenser, and related ancillary equipment. Other equipment and facilities to be constructed and shared by both power blocks include natural gas compressors, water treatment facilities, emergency services, and administration and maintenance buildings.

Each power block would include the following principal combined design elements:

- three Mitsubishi Power Systems Americas (MPSA) 501DA CTGs with a nominal rating of 118 MW each. The CTGs will be equipped with evaporative coolers on the inlet air system and dry oxides of nitrogen (NO<sub>x</sub>) combustors;
- three HRSGs, which will be horizontal, single-pressure, and natural circulation. Each HRSG has a natural gas-fired duct burner for supplemental firing in the HRSG inlet ductwork and an emission reduction system consisting of a selective catalytic reduction (SCR) unit to control NO<sub>x</sub> stack emissions, and an oxidation catalyst to control carbon monoxide (CO) and volatile organic compounds (VOC) emissions in the outlet ductwork;
- one MPSA single-cylinder, single flow, impulse, axial exhaust condensing STG;
- one air-cooled condenser and two closed-loop cooling fin fan coolers;
- one 230kv interconnection to the existing onsite Southern California Edison (SCE) 230kv switchyard;
- direct connection with the existing onsite Southern California Gas Company (SoCalGas) natural gas 16-inch-diameter gas main;
- connection to an existing onsite 8-inch-diameter potable water line;
- connection to an existing City of Huntington Beach 4-inch-diameter combined sanitary and process forced main sewer line.

If the proposed project is approved by the Energy Commission, the applicant has progressive plans to begin construction, starting with the demolition of Unit 5 beginning the fourth quarter of 2014, and demolition of Units 3 and 4 scheduled the second quarter of 2015. Construction will begin with Block 1, occurring the first quarter of 2015 through the second quarter of 2018, with commercial operation scheduled the third quarter of 2018. Block 2 construction is scheduled from the first quarter of 2018 through the second quarter of 2020, with commercial operation scheduled for the second quarter of 2020. Removal/demolition of existing Huntington Beach Generating Station Units 1 and 2 is scheduled to occur beginning the fourth quarter of 2020.

## POTENTIAL MAJOR ISSUES

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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 table below 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
Yes	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	Yes	Waste Management
No	Project Description	No	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 HBEP project poses. The following discussion summarizes major issues, identifies the parties needed to resolve the issue, and outlines a process for achieving resolution.

## **ALTERNATIVES**

### **Background and Major Issues**

The Huntington Beach Energy Project (HBEP) is located on a highly disturbed industrial site within an area that has been identified as an area critical to grid reliability in the Los Angeles Basin. Staff has reviewed the project objectives as they relate to an alternatives analysis and the statutory requirements for determining whether off-site alternatives should be considered feasible alternatives.

Under CEQA, staff is required to analyze a reasonable range of alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project, but would avoid or substantially lessen any of the significant effects of the project. The range of alternatives is governed by a "rule of reason" that requires the EIR to set forth only those alternatives necessary to permit a reasoned choice and would avoid or substantially lessen any of the significant effects of the project. Additionally, the feasibility of alternatives is taken into account as it relates to site suitability, economic viability, availability of infrastructure, general plan consistency, other plans or regulatory limitations, jurisdictional boundaries and whether the proponent can reasonably acquire, control or otherwise have access to the alternative site.

CEQA indicates that alternative locations need only be considered if they would avoid or substantially lessen any of the significant effects of the project and if the lead agency concludes that no feasible alternative locations exist, it must disclose the reasons for this conclusion.

Public Resources Code 25540.6(b) indicates that a discussion of the applicant's site selection criteria, any alternative sites considered, and the reasons why the applicant chose the proposed site shall not be required in an application for certification for cogeneration projects at existing industrial sites. Additionally, section 25540.6(b) reads, in part: The commission may also accept an application for a noncogeneration project at an existing industrial site without requiring a discussion of site alternatives if the commission finds that the project has a strong relationship to the existing industrial site and that it is therefore reasonable not to analyze alternative sites for the project.

Staff's preliminary review of the project indicates that the project meets the intent of Public Resources Code 25540.6(b) with regard to consideration of offsite alternatives. Staff has also done a preliminary review of the feasibility for offsite alternatives and has determined that alternative locations would likely not be feasible due to the highly developed area, the critical energy need and grid reliability requirements in this area of the Los Angeles basin, and the availability of existing infrastructure to serve the project.

Staff is proposing to disclose this information in the alternatives analysis and provide adequate discussion as to the infeasibility of offsite locations and is requesting confirmation of this approach from the Committee.

## **TRANSMISSION SYSTEM ENGINEERING**

### **Background and Major Issues**

The California ISO Phase I Interconnection Study will not be available for staff to review until January 30, 2013 and the Phase II Interconnection Study will not be available until November 22, 2013. The Phase I Interconnection Study identifies transmission upgrades required for the reliable interconnection of a cluster of generators. The Phase II Interconnection Study is a re-study of the Phase I Interconnection Study with the modification of the cluster in the event that a number of generators may elect to drop out of the cluster.

Although the Phase I Interconnection Study will be available for staff review prior to the Preliminary Staff Assessment proposed to be published in March 2013, the Phase II Interconnection Study will not be available for staff's review before the Final Staff Assessment proposed for publication in May 2013. The Phase I and Phase II Interconnection Studies are required for staff to determine the potential need for downstream transmission facilities.

If a study shows that the HBEP, with the net increase of approximately 34 MW would cause any transmission line overloads which might require transmission line reconductoring or other significant downstream upgrades, an analysis will be required to determine the indirect effects of the transmission upgrades. The environmental analysis of potential upgrades could cause a delay in the licensing process for the Huntington Beach Energy Project. Staff will prepare Data Requests requesting Phase I and/or Phase II Interconnection Studies.

## **WASTE MANAGEMENT**

### **Background and Major Issues**

The Huntington Beach Energy Project is proposed to be built on a site currently occupied by the AES Huntington Beach Generating Station. Demolition of existing facilities for the new project development will generate significant hazardous wastes including asbestos debris, oily debris, heavy metal dust, paint thinners and solvents and used lubricating oil. In addition, the site has plugged oil and gas wells, aboveground storage tanks, degreasing pits, two retention basins and five generating units that are sources of contamination. The extent of contamination is not currently defined. The site will need soil sampling, characterization, and possibly remediation which will require coordination with the Energy Commission, the Department of Toxic Substance Control and possibly the Regional Water Quality Control Board. Staff will coordinate with these agencies to ensure the site is appropriately characterized for remediation in order to minimize any impacts on the project schedule.

## **CALIFORNIA COASTAL COMMISSION**

### **Background and Major Issues**

The HBEP project is located within the coastal zone, and falls within the jurisdiction of the California Coastal Commission (CCC). In 2005, the Energy Commission and CCC entered into a Memorandum of Agreement to ensure timely and effective coordination between the Energy Commission and the Coastal Commission during the Energy Commission's review of an Application for Certification (AFC) of a proposed site and related facilities under Energy Commission jurisdiction. Pursuant to requirements of Sections 25523(b) and 30413(d), the Coastal Commission is responsible, for providing a report to the Energy Commission specifying provisions regarding the proposed site and related facilities to meet the objectives of the California Coastal Act. As stated in Section 30413(d), the report is to include findings on all of the following:

- 1) The compatibility of the proposed site and related facilities with the goal of protecting coastal resources.
- 2) The degree to which the proposed site and related facilities would conflict with other existing or planned coastal-dependent land uses at or near the site.
- 3) The potential adverse effects that the proposed site and related facilities would have on aesthetic values.
- 4) The potential adverse environmental effects on fish and wildlife and their habitats.
- 5) The conformance of the proposed site and related facilities with certified local coastal programs in those jurisdictions which would be affected by any such development.
- 6) The degree to which the proposed site and related facilities could reasonably be modified so as to mitigate potential adverse effects on coastal resources, minimize conflict with existing or



planned coastal-dependent uses at or near the site, and promote the policies of this division [the California Coastal Act].

7) Such other matters as the commission deems appropriate and necessary to carry out this division.

Coastal Commission staff has notified Energy Commission staff of its concerns regarding the following issues: possible geological hazards, possible cumulative impacts associated with other non-related projects identified for potential development near the HBEP project, and the possibility of noise impacts on nearby receptors.

Energy Commission staff are working with the CCC staff to prepare data requests to obtain information needed by the CCC to prepare its 30413(d) report.

## **SCHEDULING**

The following is staff's proposed schedule for key events of the HBEP project. Meeting the proposed schedule will depend on: the applicant's timely response to staff's data requests, the timing of the South Coast Air Quality Management District's (SCAQMD) filing of the Preliminary Determination of Compliance (PDOC), Final Determination of Compliance (FDOC), and determinations by other local, state and federal agencies, and other factors not yet known.

### **ENERGY COMMISSION STAFF'S PROPOSED SCHEDULE**

#### **HUNTINGTON BEACH ENERGY PROJECT (12-AFC-02)**

	<b>ACTIVITY</b>	<b>Calendar Day</b>
<b>1</b>	Application for Certification determined to be "Data Adequate" at Commission Business Meeting	08-09-12
<b>2</b>	Staff files Issues Identification Report	08-31-12
<b>3</b>	Information hearing and site visit	09-10-12
<b>4</b>	Staff files 1st Round Data Requests	09-17-12
<b>5</b>	Applicant files Data Responses	10-17-12
<b>6</b>	Data response and issue resolution workshop	10-22-12
<b>7</b>	Staff files data requests (round 2, if necessary)	11-02-12
<b>8</b>	Applicant provides data responses (round 2, if necessary)	12-03-12
<b>9</b>	Data response and issue resolution workshop (round 2)	12-06-12
<b>10</b>	Applicant submits supplemental information resulting from workshop	01-11-13
<b>11</b>	SCAQMD issues Preliminary Determination of Compliance (PDOC)	01-22-13
<b>12</b>	Preliminary Staff Assessment filed	03-01-13
<b>13</b>	Preliminary Staff Assessment workshop	03-15-13
<b>14</b>	SCAQMD issues Final Determination of Compliance (FDOC)	03-22-13
<b>15</b>	Comments on PSA are due	04-02-13
<b>16</b>	Final Staff Assessment filed	05-01-13

<b>17</b>	<b>Prehearing Conference*</b>	<b>TBD</b>
<b>18</b>	<b>Evidentiary hearings*</b>	<b>TBD</b>
<b>19</b>	<b>Committee files Presiding Member's Proposed Decision (PMPD)*</b>	<b>TBD</b>
<b>20</b>	<b>Hearing on the PMPD*</b>	<b>TBD</b>
<b>21</b>	<b>Committee files errata or revised PMPD (if necessary)*</b>	<b>TBD</b>
<b>22</b>	<b>Commission issues final Decision</b>	<b>TBD</b>
<b>*Items 17 thru 22 are scheduled by the Committee</b>		



**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  
HUNTINGTON BEACH ENERGY PROJECT***

**Docket No. 12-AFC-02  
(Revised 8/24/12)**

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\*indicates change

DECLARATION OF SERVICE

I, Diane L. Scott, declare that on August 31, 2012, I served and filed a copy of the attached **HUNTINGTON BEACH ENERGY PROJECT (12-AFC-02) ISSUES IDENTIFICATION REPORT**, dated August 31, 2012. This document is accompanied by the most recent Proof of Service list, located on the web page for this project at: [http://www.energy.ca.gov/sitingcases/huntington\\_beach\\_energy/index.html](http://www.energy.ca.gov/sitingcases/huntington_beach_energy/index.html).

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit or Chief Counsel, as appropriate, in the following manner:

*(Check all that Apply)*

For service to all other parties:

- Served electronically to all e-mail addresses on the Proof of Service list;
- Served by delivering on this date, either personally, or for mailing with the U.S. 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 marked **\*"hard copy required"** or where no e-mail address is provided.

**AND**

For filing with the Docket Unit at the Energy Commission:

- by sending one electronic copy to the e-mail address below (preferred method); **OR**
- by depositing an original and 12 paper copies in the mail with the U.S. Postal Service with first class postage thereon fully prepaid, as follows:

**CALIFORNIA ENERGY COMMISSION – DOCKET UNIT**  
Attn: Docket No. 12-AFC-02  
1516 Ninth Street, MS-4  
Sacramento, CA 95814-5512  
[docket@energy.ca.gov](mailto:docket@energy.ca.gov)

*OR, if filing a Petition for Reconsideration of Decision or Order pursuant to Title 20, § 1720:*

- Served by delivering on this date one electronic copy by e-mail, and an original paper copy to the Chief Counsel at the following address, either personally, or for mailing with the U.S. Postal Service with first class postage thereon fully prepaid:

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I declare under penalty of perjury under the laws of the State of California 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:**

Diane L. Scott  
Siting, Transmission and Environmental Protection Division