

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov



February 28, 2008

TO: AGENCY DISTRIBUTION LIST (STATE AND FEDERAL)**REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF THE AVENAL ENERGY, APPLICATION FOR CERTIFICATION (08-AFC-1)**

On February 21, 2008, Avenal Power Center, LLC (Avenal Power) filed an Application for Certification (AFC) for the Avenal Energy project (Avenal Energy). Avenal Power is seeking Energy Commission approval to construct and operate a 600-megawatt combined-cycle power plant in the City of Avenal in Kings County under the Energy Commission's standard 12-month power plant licensing process.

As part of our review process, the staff of the Energy Commission works closely with local, state and federal agencies to ensure that all laws, ordinances, regulations and standards are addressed in the final decision of the California Energy Commission.

Project Description

Avenal Energy would be a 600-megawatt (MW) merchant power plant in the City of Avenal in Kings County, providing electrical reliability for local and Central San Joaquin Valley loads. The proposed project site is located in the agricultural region of the southwestern San Joaquin Valley. The project would be built on 25 acres of a 148-acre site just south of the Fresno County line, and about two miles east of Interstate 5. Although the proposed project is within City of Avenal town limits in an area zoned for industrial use, it is located approximately 6 miles from the city's residential and commercial districts. Current land use at the project site is irrigated agriculture, as is the surrounding land use.

Avenal Energy would be a combined-cycle generating plant consisting of two natural gas-fired General Electric 7FA gas turbines with heat recovery steam generators (HRSG) and one General Electric steam turbine. Natural gas would be provided via a 2.5-mile, 20-inch underground pipeline interconnection to the Pacific Gas and Electric (PG&E) natural gas pipeline transmission system at the Kettleman compressor station. The plant would use a dry cooling process to minimize water consumption. The City of Avenal would provide raw water for industrial uses to the proposed project from the city's turnout on the San Luis Canal. Groundwater from three local wells would provide a back-up water source to the project via two separate pipelines, totaling less than 1.4-miles. The proposed project would recycle water to the maximum extent possible through the use of a zero liquid discharge system which would eliminate waste water discharge. The proposed project would be connected to the PG&E transmission grid via a 6.4-mile single-circuit 230 kV transmission line, traversing agricultural land to the PG&E Gates substation in Fresno County. Although the electrical transmission line and natural gas pipeline interconnection points are respectively only 4.5-miles and 1.3-miles from the proposed project site in a straight line, the proposed routes for these linear facilities are longer to utilize existing utility corridors and avoid and/or minimize potential environmental impacts.

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If approved, Avenal Power plans to begin construction in April of 2010, with commercial operation beginning June 1, 2012. Total capital investment is estimated to be \$530 million. The construction work force would average 320 people over a 27-month period. Avenal Energy would employ 25 people when complete.

Energy Commission's Facility Certification Process

The Energy Commission is responsible for reviewing and ultimately approving or denying all applications to construct and operate thermal electric power plants, 50 MW and greater, in California. The Energy Commission's facility certification process carefully examines public health and safety, environmental impacts, and engineering aspects of proposed power plants and all related facilities, such as electric transmission lines and natural gas and water pipelines. The Energy Commission is the lead agency under the California Environmental Quality Act (CEQA), but it produces several environmental and decision documents rather than an Environmental Impact Report.

The first step in the review process is for Energy Commission staff to determine whether or not the AFC contains all the information required by our regulations. When the AFC is deemed data adequate, we will begin the data discovery and issue analysis phases. At that time, a detailed examination of the issues will occur.

Over the coming months, the Energy Commission will conduct a number of public workshops and hearings on the proposal to determine whether the proposed project should be approved for construction and operation and under what set of conditions. These workshops will provide the public as well as local, state and federal agencies the opportunity to ask questions about, and provide input on, the proposed project. The Energy Commission will issue notices for these workshops and hearings at least 10 days prior to the meeting.

Agency Participation

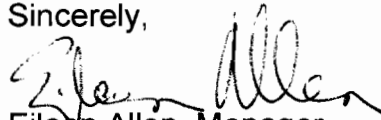
During this data adequacy phase, we request that you review the sections of interest to your agency and determine whether the major issues of concern have been identified. At this time, we are only concerned that such issues are disclosed, not necessarily that they be discussed in detail. We request that you provide us with any written comments you may have regarding the disclosure of any potential issues of concern by **March 19, 2008**. Please address your comments to Christopher Meyer, Project Manager, 1516 9th Street, MS-15, Sacramento, CA 95814, or email to cmeyer@energy.state.ca.us. Your agency may also present its comments and recommendations in person at the Energy Commission's April 2, 2008 Business Meeting. The limited purposes of that meeting will be to determine whether the AFC is data adequate in accordance with our regulations and to assign a committee of two Commissioners to oversee the proceeding.

When the AFC is accepted as data adequate, your participation in the proceeding will continue to be valuable and encouraged and will allow you to identify and try to resolve issues of concern to your agency. There may be specific requests for agency review and comment during the proceedings after the AFC has been determined to be data adequate.

Enclosed is a copy (CD) of the AFC in electronic format. If you would like to have a hard copy of the AFC sent to you, if you have questions, or if you would like additional information on how to participate in the Energy Commission's review of the proposed project, please contact

Christopher Meyer, Project Manager, at (916) 653-1639, or by email at cmeyer@energy.state.ca.us. The status of the proposed project, copies of notices, electronic version of the AFC, and other relevant documents are also available on the Energy Commission's Internet web site at <http://www.energy.ca.gov/sitingcases/avenal>. You can also subscribe to receive e-mail notification of all notices at <http://www.energy.ca.gov/listservers>.

Sincerely,

A handwritten signature in black ink, appearing to read "Eileen Allen". The signature is fluid and cursive, with the first name "Eileen" written in a larger, more prominent script than the last name "Allen".

Eileen Allen, Manager
Energy Facilities Siting and Compliance Office

Enclosure