

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

June 10, 2009

TO: AGENCY DISTRIBUTION LIST

**REQUEST FOR AGENCY COMMENTS ON THE FINAL STAFF ASSESSMENT FOR THE
PROPOSED AVENAL ENERGY PROJECT
(08-AFC-1)**

**NOTICE OF PUBLIC WORKSHOP
Tuesday, June 23, 2009
2:00p.m.-7:00p.m.**

**There will be an initial meeting from 2:00p.m.-5:30p.m. followed by a summary
meeting of the same contents from 5:30p.m.-7:00 p.m. to facilitate public
participation after work hours.**

**Reef-Sunset Unified School District
205 N. Park Avenue, Avenal, CA 93204.
(Wheelchair Accessible)
(Map Attached)**

DOCKET	
08-AFC-1	
DATE	<u>JUN 10 2009</u>
RECD.	<u>JUN 10 2009</u>

The enclosed Final Staff Assessment (FSA) contains the California Energy Commission staff's final engineering and environmental evaluation of the Avenal Energy (AE) project Application for Certification (**08-AFC-1**).

Summary of the California Energy Commission Staff's Final Conclusions

Energy Commission staff concludes that with the applicant's proposed mitigation measures and the staff's proposed conditions of certification, the AE would not cause a significant adverse environmental or public health impact and would conform with all applicable laws, ordinances, regulations, and standards (LORS). The Energy Commission staff's findings are summarized as follows:

In summary this FSA finds that:

- Although the proposed project area is in a predominately agricultural region, and the project site is currently being farmed in irrigated row crops, the project site has nevertheless been rezoned for industrial uses. All biological, soil, water, and agricultural impacts have been fully mitigated to a less than significant level, not only for the project site but also for the construction laydown areas, and infrastructural connections. Implementation of the Energy Commission staff's proposed conditions of certification is necessary to avoid or minimize potential indirect impacts to biological resources, soil and water impacts and agricultural impacts. The project would not result in take of listed species and no wetlands or other waters of the United States will be directly impacted by the project. The applicant has also agreed to fund, separate from this CEQA process, an additional project mitigation program that will be paid to and administered by the Kern Water Bank.
- The construction and operation of the project would comply with all federal, state, and local laws, ordinances, regulations, and standards relating to biological resources if staff's conditions of certification are adopted and implemented.

PROOF OF SERVICE (REVISED 5/27/09) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 6/11/09

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- The proposed AE project, with the effective implementation of the recommended condition's of certification, would be consistent with the applicable laws, ordinances, regulations, and standards pertaining to local land use planning and would not generate a significant impact under the California Environmental Quality Act guidelines.
- The San Joaquin Valley Air Pollution Control District has determined that the project complies with the appropriate rules and requirements of the District and would not contribute to the degradation of the air quality. The applicant has agreed to fund and supply emission reduction credits in sufficient quantity to fully offset all nonattainment pollutants and their precursors at a minimum ratio of 1:1. Staff evaluated the global climate change and greenhouse gas (GHG) emissions from the project. AE would be an efficient, new, dispatchable natural gas-fired combined cycle power plant that would provide a net reduction in GHG emissions across the electricity system while generating electricity for California consumers. Its addition to the system would displace less efficient plants and facilitate the integration of renewable resources.
- The proposed primary process water supply for the project is untreated surface water supplied by the city of Avenal. This proposed water supply would not cause a significant adverse environmental impact or affect current or future users of water or adversely impact biological resources, and is consistent with state water use and conservation policies. Effective operation of a zero liquid discharge system would reuse industrial waste water discharge and produce a waste that can be disposed of in a licensed landfill facility. This would protect surface water and/or groundwater quality from potential degradation. The use of dry cooling and zero liquid discharge technology is consistent with the Energy Commission's water policy.
- Transmission system impacts and appropriate mitigation, based on the project's proposed interconnection and information currently available, are acceptable and would comply with all applicable laws, ordinances, regulations, and standards. The project interconnection to the grid would not result in downstream transmission impacts as a result of the Special Protection Schemes proposed by the applicant. The California ISO Phase 1 interconnection study, expected in July, will contain more definitive information regarding the final approval and schedule for expansion of the Gates Substation to accommodate this and other area projects.
- With the proposed conditions of certification included in the various technical areas, the project's construction and operation impacts can be mitigated to a level less than significant.

Purpose of the Public Workshop

This notice is also to inform you that the Energy Commission staff will hold a workshop to discuss the FSA. This public notice is to further encourage public participation, as it relates to the proposed AE and the Energy Commission's permitting process. The workshop will provide an opportunity for agencies, the public and other interested parties to present questions and comments on the FSA. All interested agencies and members of the public are invited to participate. The workshop will be held on Tuesday, June 23, 2009, starting at 2:00 p.m. in the city of Avenal, Reef-Sunset Unified School District, 205 N. Park Avenue, Avenal, CA 93204. Energy Commission staff will consider comments received and may prepare supplemental testimony or errata as appropriate.

The FSA contains the Energy Commission staff's environmental and engineering evaluation of the AE and will serve as staff's testimony during evidentiary hearings. The Energy Commission Committee assigned to the AE proceedings will consider and weigh the testimony, comments,

or recommendations of all interested parties, including Energy Commission staff, the applicant, intervenors, public, and other local, state, and federal agencies, before issuing the Presiding Member's Proposed Decision (PMPD) for consideration by the full Energy Commission. The public, intervenors, and local, state and federal agencies are encouraged to participate in these hearings.

The California Energy Commission encourages public participation in the review of the Application for Certification (08-AFC-1). Written comments are appreciated by June 19. Please provide any written comments to Joseph Douglas, Siting Project Manager at the address on this letterhead or by email to JDouglas@energy.state.ca.us. The staff will also be taking into account comments made at the FSA workshop. Technical or project schedule questions should be directed to Joseph Douglas at (916) 653-4677 or by email.

Following the submittal and receipt of comments on the FSA, evidentiary hearings will be held by the Energy Commission Committee assigned to hear this case. During these hearings the committee will consider the recommendations presented by staff, applicant, intervenors, government agencies, and the public prior to proposing its decision. In the last step, the full Energy Commission will issue the final decision.

Summary of the Proposed AE

On February 21, 2008 Avenal Power LLC, submitted an Application for Certification (AFC) to construct and operate Avenal Energy, in the city of Avenal just south of the Fresno County line. The proposed site is located in a predominantly agricultural region of southwestern San Joaquin Valley in western Kings County, just south of the Fresno County line, and two miles east of Interstate 5. The proposed AE project would be built on approximately 34 acres of a 148-acre industrial zoned parcel. The proposed project would be a nominal 600-megawatt (MW) combined cycle facility and consist of two natural gas-fired General Electric 7FA gas turbines with heat recovery steam generators and one General Electric steam turbine. Natural gas would be provided via a 2.5-mile, 20-inch underground pipeline interconnection to PG&E's natural gas pipeline transmission system at the Kettleman natural gas compressor station.

The plant would use a dry cooling and a zero liquid discharge process to minimize water consumption. The use of this technology would allow AE to follow all LORS and decrease water use by over 97% from its original design of evaporative cooling. 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 Gates substation in Fresno County.

Energy Commission Licensing Authority

The Energy Commission is responsible for reviewing and ultimately approving or denying all applications for construction and operation of thermal electric power plants, 50 MW and greater, proposed for construction 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), and because the regulatory program has been certified by the Natural Resources Agency pursuant to Public Resources Code section 21080.5, produces several environmental and decision documents rather than an Environmental Impact Report.

June 10, 2009
Page 4

The status of the project, an electronic copy of the AFC, copies of notices, and other relevant documents are also available on the Energy Commission's web site at:
<http://www.energy.ca.gov/sitingcases/avenal>

Sincerely,

Original signed by Eileen Allen for Terrence O'Brien
TERRENCE O'BRIEN, Deputy Director
Siting, Transmission and Environmental
Protection Division

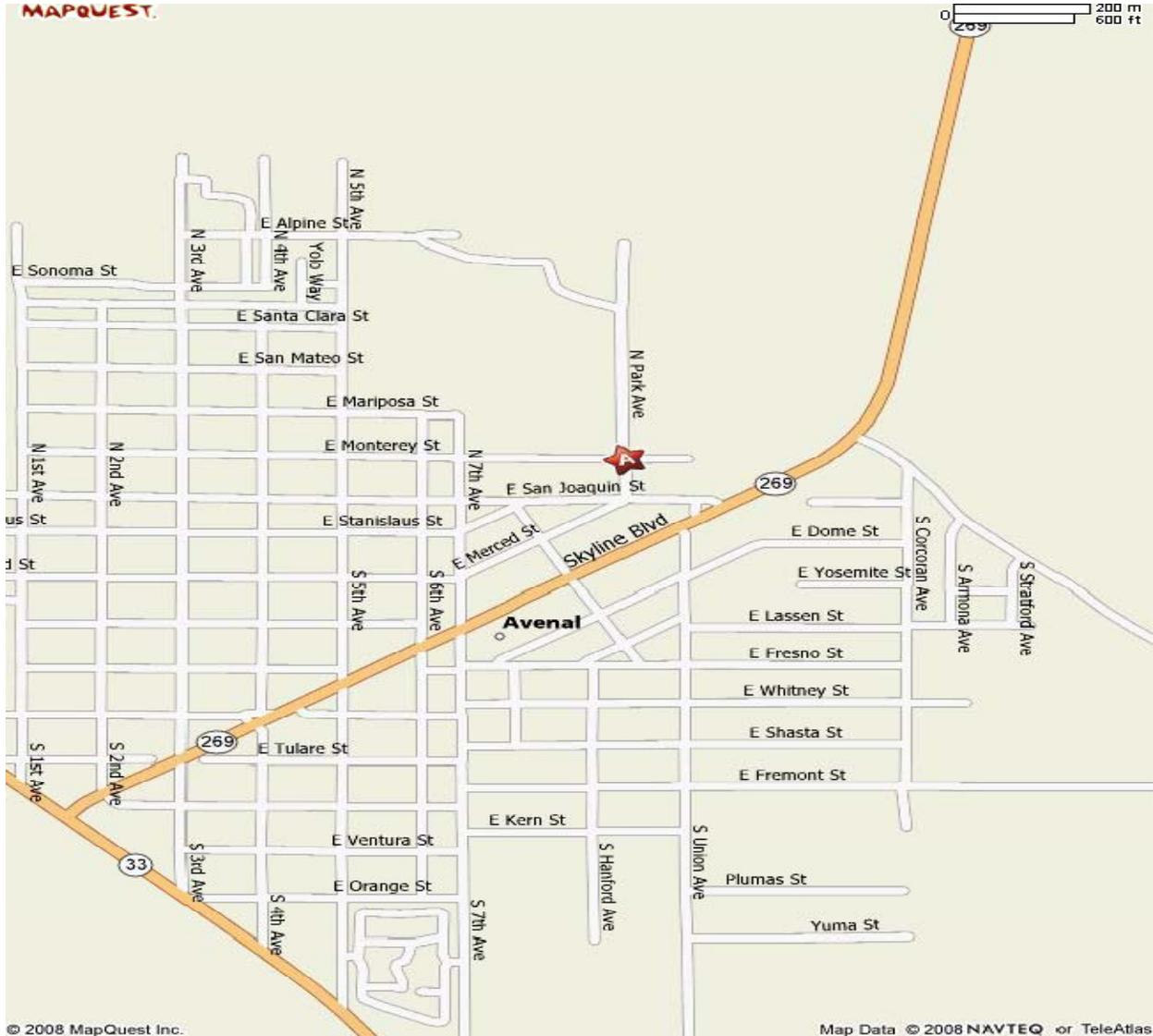
Enclosure

Mailed to list:
7287 - Agency

FSA WORKSHOP FOR AVENAL ENERGY (08-AFC-1)

NOTICE OF PUBLIC WORKSHOP TO BE HELD

Reef-Sunset Unified School District
205 N. Park Avenue, Avenal, CA 93204.
(Wheelchair Accessible)





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 AVENAL ENERGY PROJECT

Docket No. 08-AFC-1
PROOF OF SERVICE
(Revised 5/27/2009)

APPLICANT

Jim Rexroad,
Project Manager
Avenal Power Center, LLC
500 Dallas Street, Level 31
Houston, TX 77002 USA
Jim.Rexroad@macquarie.com

Tracey Gilliland
Avenal Power Center, LLC
500 Dallas Street, Level 31
Houston TX 77002
Tracey.Gilliland@macquarie.com

APPLICANT CONSULTANT

Joe Stenger, Project Director
TRC Companies
2666 Rodman Drive
Los Osos, CA 93402
jstenger@trcsolutions.com

COUNSEL FOR APPLICANT

Jane E. Luckhardt
DOWNEY BRAND
621 Capitol Mall, 18th Floor
Sacramento, CA 95814
jluckhardt@downeybrand.com

INTERESTED AGENCIES

California ISO
e-recipient@caiso.com

INTERVENORS

Loulena A. Miles
Marc D. Joseph
Adams Broadwell Joseph &
Cardozo
601 Gateway Boulevard,
Ste. 1000
South San Francisco, CA 94080
mdjoseph@adamsbroadwell.com
lmiles@adamsbroadwell.com

ENERGY COMMISSION

Jeffrey D. Byron
Commissioner and Presiding Member
jbyron@energy.state.ca.us

Arthur Rosenfeld
Commissioner and Associate
Member
arosenfe@energy.state.ca.us

Gary Fay
Hearing Officer
gfay@energy.state.ca.us

*Joesph Douglas
Project Manager
jdouglas@energy.state.ca.us

Lisa DeCarlo
Staff Counsel
ldecarlo@energy.state.ca.us

Public Adviser's Office
publicadviser@energy.state.ca.us

DECLARATION OF SERVICE

I, April Albright, declare that on June 11, 2009, I served and filed copies of the attached Notice of Availability of the Final Staff Assessment with Public Workshop Notice; Document Handling and Posting of Public Notice; and Request for Agency Comments on the Final Staff Assessment with Public Workshop Notice. 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:

[www.energy.ca.gov/sitingcases/avenal]. The document has 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 or by depositing in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list above 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. 08-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.

Original signed by _____
April Albright