

Memorandum

Date: January 6, 2009
Telephone: (916) 654-3911
File 08-AFC-10

To: Commissioner Karen Douglas, Presiding Member
Commissioner Jeffrey D. Byron, Associate Member

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| DOCKET | |
| 08-AFC-10 | |
| DATE | <u>JAN 06 2009</u> |
| RECD. | <u>JAN 06 2009</u> |

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

Subject: **LODI ENERGY CENTER (08-AFC-10)**
ISSUES IDENTIFICATION REPORT

Attached is staff's Issues Identification Report for the Lodi Energy Center Project (08-AFC-10). This report serves as a preliminary scoping document that identifies the issues that Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the issues report at the Informational Hearing and Site Visit to be held on January 15, 2009.

This report also provides a proposed schedule pursuant to the 12-month Application for Certification (AFC) process, with a footnote discussion of staff's current workload.

Attachment

cc:
Proof of Service List
Docket 08-AFC-10

LODI ENERGY CENTER

(08-AFC-10)

ISSUES IDENTIFICATION REPORT

CALIFORNIA ENERGY COMMISSION

Siting, Transmission and Environmental Protection Division

ISSUES IDENTIFICATION REPORT LODI ENERGY CENTER

(08-AFC-10)

Table of Contents

| | |
|---|----------|
| PROJECT DESCRIPTION..... | 3 |
| POTENTIAL MAJOR ISSUES..... | 4 |
| BIOLOGICAL RESOURCES..... | 5 |
| LAND USE | 6 |
| TRANSMISSION SYSTEM DESIGN | 6 |
| SCHEDULING | 6 |

ISSUES IDENTIFICATION REPORT

California Energy Commission Staff

PURPOSE OF THE REPORT

This report has been prepared by the California Energy Commission staff to inform the 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 our discussions with federal, state, and local agencies, and our review of the Lodi Energy Center Project Application for Certification (AFC) and the AFC Supplement Docket Number 08-AFC-10. The Issues Identification Report contains a project description, summary of potentially significant environmental and engineering issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On September 10, 2008, Northern California Power Agency (NCPA) submitted an Application for Certification (AFC) to the California Energy Commission to construct and operate an electrical generating plant in the City of Lodi, San Joaquin County, California. The Lodi Energy Center (LEC) would be a natural gas-fired, combined-cycle nominal 255-megawatt (MW) power generation facility.

The proposed project would be located on 4.4 acres of land owned and incorporated by the City of Lodi, 6 miles west of the Lodi city center, located near Interstate-5 (I-5) approximately 1.7 miles south of State Route 12. On the east side of the site is the City of Lodi's White Slough Water Pollution Control Facility (WPCF). The WPCF's treatment and holding ponds are located to the north; NCPA's existing 49-MW generating plant (Combustion Turbine Plant #2) is located to the west, with a 230-kV Pacific and Gas Electric overhead electrical transmission line aligned further to the west; and the San Joaquin County Mosquito and Vector Control facility is to the south. The proposed project would also be located near the city of Stockton, which is approximately 2 miles south. The project site is currently undeveloped and used for equipment storage during upgrades to the WPCF.

The project would include the addition of the following:

- Combustion turbine-generator;
- Single condensing steam turbine generator;
- Deaerating surface condenser;
- Mechanical draft cooling tower;

- Heat recovery steam generator (HRSG) emission reduction system;
- Auxiliary boiler;
- Recycled water from the WPCF (the LEC average daily water use would be approximately 1.23 million gallons per day over a 24-hour period, maximum daily use would be 2.2 gallons per day during the summer conditions);
- Underground injection well for processing cooling tower blowdown;
- 520-foot, 230 kilovolt line for transmitting plant output to the electrical grid;
- 2.5-mile long gas line built parallel to the existing natural gas pipeline for serving Combustion Turbine Plant #2; and
- Assorted support equipment.

In addition, the proposed project would share existing facilities with Combustion Turbine Plant #2, most notably infrastructure (e.g., a recycled water pipeline and existing sewer pipeline), an anhydrous ammonia system, a 230-kilovolt (kV) switchyard and grid connection, fire systems, a diesel-fired emergency fire pump (including fire water storage tanks), domestic water systems, an existing Class I underground injection well, and operating facilities including an administration building, a control room, an office space, a warehouse, and a gas metering station.

If approved, construction of the project would begin in the first quarter of 2010 and would last for 24 months. Pre-operational testing of the power plant would begin in the fourth quarter, with full-scale commercial operation commencing by first quarter 2012.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. The Committee should be aware that this report might not include all of the significant issues that may arise during the case. Discovery is not yet complete, and other parties have not 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 and on our judgment of whether any of the following circumstances could 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 or potential conflict between the parties;
- Areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated and notes Biological Resources, Land Use and Transmission System Design as areas where potentially significant issues have been identified. Identification of an area as having no potential issues does not mean that an issue will not arise related to the subject area during the course of the AFC process.

| Major Issue | DRs | Subject Area | Major Issue | DRs | Subject Area |
|-------------|-----|------------------------------|-------------|-----|---------------------------------|
| No | No | Air Quality | No | No | Project Overview |
| No | No | Alternatives | No | No | Public Health |
| Yes | Yes | Biological Resources | No | Yes | Reliability |
| No | Yes | Cultural Resources | No | No | Socioeconomics |
| No | No | Efficiency | No | Yes | Soils and Water Resources |
| No | No | Facility Design | No | No | Traffic and Transportation |
| No | Yes | Geological Hazards | No | No | Trans. Line Safety and Nuisance |
| No | No | Hazardous Materials Handling | Yes | Yes | Transmission System Design |
| Yes | Yes | Land Use | No | Yes | Visual Resources |
| No | No | Noise | No | Yes | Waste Management |
| No | No | Paleontological Resources | No | No | Worker Safety |

Note: DR = Data Request

This report does not limit the scope of staff's analysis throughout this proceeding, but it acts to aid in the analysis of the potentially significant issues that the LEC proposal poses. The following discussion summarizes the potential issues, identifies the parties needed to resolve the issues, and where applicable suggests a process for achieving resolution. At this time, staff does not see these potential issues as non-resolvable.

BIOLOGICAL RESOURCES

During an informal visit to the proposed project site, Energy Commission staff identified a potential wetland adjacent to the southwest edge of the project site in a depression paralleling a large vegetated irrigation canal. The small area is within the proposed project site and was inadvertently overlooked by the applicant in the Wetland Survey in Section 5.2.1.4.4 of the AFC.

Because this potential wetland is located near an irrigation canal that is connected to the White Slough Wildlife Area, it could potentially fall under the U.S. Army Corps of Engineers (USACE) jurisdiction as waters of the U.S. Also, since waters of the State are potentially on-site, projects resulting in impacts to such waters would require a Streambed Alteration Agreement with the California Department of Fish and Game (CDFG) before any disturbance. Energy Commission staff may need a jurisdictional analysis from the USACE in order to complete its analysis.

Moreover, Energy Commission staff has been informed that the applicant's biologist recently revisited the site and has determined that it is not a wetland. We are awaiting the results of the review by Russell Huddelston of CH2MHill and will evaluate the information to determine the appropriate action to take regarding this matter. In the meantime, staff has prepared Data Requests regarding this issue.

LAND USE

Section 5.6.4 of the AFC states that the applicant will file a request for consistency determination with the San Joaquin County Airport Land Use Commission (ALUC) to determine what findings would be necessary to enable construction of the pipeline that will be buried in the transition and runway approach zones of the Kingdon Airport.

In June 2000, the ALUC amended its land use plan to allow underground natural gas lines that are at least 36 inches below the ground in zones 3, 4, and 7. According to Section 4.1 of the AFC, the proposed natural gas pipeline for the Lodi Energy Center project would be buried 48 inches deep.

Mike Swearingen of the San Joaquin County of Governments (SJCOG), which has jurisdiction over the Kingdon Airport, informed staff that the proposed natural gas pipeline would go through zones 7 and 6 of the Kingdon Airport. Zone 6 is the Runway Protection Zone which is not recognized in the June 2000 amendment. Therefore an amendment to the current airport land use plan would need to occur to allow the pipeline alignment through the Runway Protection Zone. The SJCOG will continue to work with the stakeholders regarding this matter. Energy Commission staff has requested a copy of the ALUC's findings for the consistency determination.

TRANSMISSION SYSTEM DESIGN

The System Impact Study (SIS) and the Facilities Study (FS) are not available for staff to review at this time. However, staff found the transmission system design to be data adequate with the understanding that Pacific Gas and Electric (PG&E) and California Independent System Operator (CAISO) would include elements of the SIS into an Interconnection Facilities Study (IFAS) that was slated to be submitted to NCPA in December 2008. If the studies show the Lodi Energy Center would cause any transmission line overloads which might require transmission line reconductoring or other significant downstream upgrades, a general CEQA analysis will be required for the reconductoring as it is a downstream, indirect project impact. The environmental analysis of potential upgrades could cause a delay in the licensing process for the Lodi Energy Center. Staff has prepared Data Requests requesting the SIS/FS.

SCHEDULING

Following is staff's proposed 12-month schedule for the key events of the project. Meeting the proposed schedule will depend on: the applicant's timely response to staff's data requests; the timing of the San Joaquin Valley Air Pollution Control District's

(SJVACD) filing of the Determination of Compliance; determinations by other local, state and federal agencies; and other factors not yet known. The SJVACD will be required 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 normally requires a PDOC from the air district, and the FDOC is required before publication of the Final Staff Assessment.

STAFF'S PROPOSED SCHEDULE – LODI ENERGY CENTER (08-AFC-10)

| | <u>ACTIVITY</u> | <u>DAY</u> | <u>DATE</u> |
|----|--|------------|-------------|
| 1 | Applicant files Application for Certification (AFC) | -48 | 9/10/08 |
| 2 | Commission's determination that AFC is complete | 0 | 11/19/08 |
| 3 | Staff files Issue Identification Report | 27 | 1/6/09 |
| 4 | Staff files data requests | 28 | 1/7/09 |
| 5 | Applicant provides data responses | 69 | 2/7/09 |
| 6 | Informational Hearing and Site Visit | 70 | 1/15/09 |
| 7 | Data response and issue resolution workshop** | 109 | 2/23/09 |
| 8 | Staff and applicant each file Status Report 1 | 113 | 2/27/09 |
| 9 | Local, state and federal agency draft determinations | 105 | 2/19/09 |
| 10 | Staff and applicant each file Status Report 2 | 140 | 3/26/09 |
| 11 | Staff files Preliminary Staff Assessment (PSA) | 160 | 4/15/09 |
| 12 | Local, state and federal agency final determinations | 175 | 4/30/09 |
| 13 | PSA workshop | 181 | 4/24/09 |
| 14 | Staff and applicant each file Status Report 3 | 188 | 5/1/09 |
| 15 | Staff files Final Staff Assessment (FSA) | 218 | 6/1/09 |
| 16 | Prehearing Conference* | | TBD |
| 17 | Evidentiary hearings* | | TBD |
| 18 | Committee files proposed decision* | | TBD |
| 19 | Hearing on the proposed decision* | | TBD |
| 20 | Committee files revised proposed decision* | | TBD |
| 21 | Commission Decision* | 365 | 11/7/09 |

* The assigned Committee will determine this part of the schedule.

** Estimated date; depends on parties' availability.

Please Note: Under the Warren Act – Public Resources Code, the standard licensing process for an Application for Certification is twelve months. However, the Siting, Transmission and Environmental Protection Division currently has 25 projects in-house which is about four times the historical workload, and may make achieving the 12-month schedule problematic. Energy Commission staff will do its best to review the Lodi Energy Center project in as timely a manner as possible.



**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 *Lodi Energy Center***

DOCKET No. 08-AFC-10

**PROOF OF SERVICE
(Revised 12/8/08)**

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 08-AFC-03
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DECLARATION OF SERVICE

I, April Albright, declare that on January 6, 2009, I deposited copies of the attached Lodi Energy Center (08-AFC-10) Issues Identification Report in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.

Original signature in Dockets
April Albright

Attachments