

Memorandum

DOCKET	
08-AFC-3	
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Telephone: (916) 654-4894

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To: Vice Chair James D. Boyd, Presiding Member
Commissioner Karen Douglas, Associate Member
Paul Kramer, Hearing Officer

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

Subject: **MARSH LANDING GENERATING STATION (08-AFC-3)
ISSUES IDENTIFICATION REPORT**

Attached is staff's Issues Identification Report for the Marsh Landing Generating Station (08-AFC-3). This report serves as a preliminary scoping document that identifies any potential 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 December 18, 2008.

cc: Docket (08-AFC-3)
Proof of Service List

Attachment

**MARSH LANDING GENERATING STATION
(08-AFC-3)**

October 31, 2008

ISSUES IDENTIFICATION REPORT

CALIFORNIA ENERGY COMMISSION

Siting, Transmission and Environmental Protection Division

ISSUES IDENTIFICATION REPORT MARSH LANDING GENERATING STATION

(08-AFC-3)

Table of Contents

PROJECT DESCRIPTION.....	1
POTENTIAL MAJOR ISSUES.....	2
SCHEDULING	3

ISSUES IDENTIFICATION REPORT

California Energy Commission Staff

The purpose of this California Energy Commission staff report is to inform the Committee and all interested parties of any potential issues that have been identified in the case thus far. Issues are identified as a result of our discussions with federal, state, and local agencies, and our review of the Marsh Landing Generating Station Application for Certification (AFC), Docket Number 08-AFC-3. The Issues Identification Report contains a project description, summary of any potentially significant environmental and engineering issues, and a discussion of the proposed project schedule. The staff will address the identification of any issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On May 30, 2008, Mirant Marsh Landing, LLC submitted an Application for Certification (AFC) to construct and operate the Marsh Landing Generating Station (MLGS), a 930 megawatt (MW) natural gas-fired combined cycle power plant, just north of the City of Antioch, Contra Costa County. On September 19, 2008, Mirant Marsh Landing provided a Data Adequacy Supplement to the AFC to satisfy the Energy Commission's informational requirements. On September 24, 2008, the Energy Commission accepted the AFC with the supplemental information as complete. The Energy Commission staff has now begun the data discovery and analysis phases of the project's 12-month licensing process.

The MLGS facility is proposed for a 27-acre industrial site on Wilbur Avenue, one mile northeast of the City of Antioch, on the southern shore of the San Joaquin River. Highway 4 and the Antioch Bridge are just east of the site. Immediately south, west and east of the site are existing industrial facilities, including a Pacific Gas and Electric Company (PG&E) Substation and the Gateway Generating Station, as well as a recreational marina, open space and additional industrial land uses. The proposed site is currently occupied by five above ground fuel storage tanks within Mirant's existing Contra Costa Power Plant site.

The MLGS project would have a nominal electrical output of 930 MWs generated from four power blocks: two Siemens Flex Plant 10 (FP10) combined-cycle units; and two Siemens 500F combustion turbine units operating in simple-cycle mode. The generators would be interconnected to the existing PG&E switchyard located adjacent to the MLGS site. The MLGS would use natural gas that would be delivered via a new pipeline that would connect to PG&E's interstate gas transmission Line 400, which runs along the eastern boundary of the Gateway Generating Station, immediately east of the PG&E switchyard.

New water treatment facilities would be constructed at Mirant's expense by Delta Diablo Sanitation District (DDSD) at their 3.4-acre Bridgehead Lift Station (BLS) site and would be owned and operated by DDSD. Approximately 736 acre feet per year of recycled water from the BLS site would be delivered to the MLGS site, and associated wastewater returned, via new 1-mile-long water lines. One acre foot of water is approximately 325,850 gallons. If the project is approved by the Energy Commission, construction of the new power plant is expected to occur over a 33-month period, and is expected to cost approximately \$800 million.

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 is based on comments of other government agencies and on our judgment of whether any of the following circumstances will occur:

1. Potential significant impacts which may be difficult to mitigate;
2. Potential areas of noncompliance with applicable laws, ordinances, regulations or standards (LORS);
3. Areas of conflict or potential conflict between the parties; or
4. Areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated and notes areas where staff has identified the need for additional information. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area. This report does not limit the scope of staff's analysis throughout this proceeding, but it acts to aid in the analysis of any potentially significant issues that the MLGS proposal could pose.

Major Issue	DRs	Subject Area	Major Issue	DRs	Subject Area
No	Yes	Air Quality	No	No	Noise and Vibration
No	Yes	Biological Resources	No	No	Paleontological Resources
No	Yes	Cultural Resources	No	Yes	Public Health
No	No	Efficiency and Reliability	No	Yes	Socioeconomics
No	No	Electromagnetic Fields & Health Effects	No	Yes	Soils & Water Resources
No	No	Facility Design	No	No	Traffic and Transportation
No	No	Geological Resources	No	No	Transmission Line Safety
No	Yes	Hazardous Materials	Yes	Yes	Transmission System Engineering
No	No	Worker Safety and Fire Protection	No	Yes	Visual Resources
No	Yes	Land Use	Yes	Yes	Waste Management
No	No	Project Overview	No	No	Alternatives

Transmission System Engineering

The preliminary System Impact Study identified that the Marsh Landing Generation Station would cause several transmission line overloads which could require reconductoring as mitigation. Reconductoring is a downstream, indirect project impact that may require separate California Environmental Quality Act (CEQA) analysis, but is a foreseeable impact that must also be considered in staff's environmental analysis. The System Impact Study indicates that there may be other acceptable mitigation for the identified overloads. Staff has prepared data requests in order to identify which transmission reinforcement measures are acceptable for each identified overload. If reductoring is the only acceptable mitigation then the applicant will need to provide a general environmental

analysis sufficient to meet the CEQA requirements for indirect project impacts for each line reconductoring.

Waste Management

The proposed MLGS would occupy approximately 27 acres of the northwest portion of the existing Contra Costa Power Plant (CCPP) property. This area is currently occupied by fuel oil tanks that are to be demolished either by Mirant Delta, as part of maintenance for CCPP, or by the applicant as part of the MLGS project. The fuel oil tanks are old and are reported to still contain approximately 2 million gallons of fuel oil. The structural integrity of the tanks and tank foundations is unknown and there is evidence of fuel oil releases near the tanks. Consequently, the areas beneath and around the fuel tanks have been identified in the Phase I Environmental Site Assessment (ESA) submitted by the applicant to be Recognized Environmental Conditions (RECs). Testing and assessment of the soil and groundwater beneath and around the tanks would be necessary after tank demolition to determine if there is contamination at the site that would require remediation. Because the presence and extent of possible contamination under and around the tanks is unknown at this time, the tank demolition, and necessary site assessment, testing and possible remediation of the area may impact and delay project construction.

Furthermore, in addition to the fuel tank REC, the Phase I ESA identified three areas to the east of the fuel tanks that may require additional assessment and remediation. These areas currently have petroleum hydrocarbons or arsenic in soil or groundwater at concentrations exceeding regulatory thresholds. Assessment and remediation of these areas may also impact and/or delay project construction.

SCHEDULING

Although the proposed schedule reflects accomplishing the processing of the MLGS AFC according to the Energy Commission's normal 12-month AFC schedule, delays are possible due to limitations in the availability of staff and its consultants for evaluating the AFC in light of the very high current and expected workload of siting cases before the Energy Commission.

Following is staff's proposed 12-month schedule for 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 Bay Area Air Quality Management District's (BAAQMD's) filing of the Determination of Compliance; determinations by other local, state and federal agencies; and other factors not yet known. The BAAQMD 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 before it publishes the Final Staff Assessment.

Staff offers the following preliminary schedule for the Committee's consideration.

STAFF'S PROPOSED SCHEDULE – MARSH LANDING GENERATING STATION (08-AFC-3)

<u>ACTIVITY</u>	<u>DATE</u>
Applicant files Application for Certification (AFC)	5/30/08
Executive Director's recommendation on data adequacy	6/27/08
Executive Director's revised data adequacy recommendation	9/18/08
Commission's determination on data adequacy	9/24/08
Staff files Issues Identification Report	10/31/08
Staff files data requests	est. 11/07/08
Applicant provides data responses	12/08/08
Data response and issue resolution workshop	12/18/08
Informational Hearing and Site Visit	12/18/08
Staff and applicant each file Status Report 1	1/05/09
Local, state and federal agency draft determinations & BAAQMD PDOC	1/23/09
Staff and applicant each file Status Report 2	2/24/09
Staff files Preliminary Staff Assessment (PSA)	2/26/09
PSA workshop	3/27/09
Local, state and federal agency final determinations & BAAQMD FDOC	3/25/09
Staff and applicant each file Status Report 3	4/10/09
Staff files Final Staff Assessment (FSA)	4/23/09
Prehearing Conference*	TBD
Evidentiary hearings*	TBD
Committee files proposed decision*	TBD
Hearing on the proposed decision*	TBD
Committee files revised proposed decision*	TBD
Commission Decision	est. 9/16/09

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



**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 MARSH LANDING
GENERATING STATION**

**DOCKET No. 08-AFC-3
PROOF OF SERVICE
(REVISED 10/24/2008)**

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, Mineka Foggie, declare that on October 31, 2008, I deposited copies of the attached Marsh Landing Generating Station (08-AFC-3) Issues Identification Report in the United States mail at Sacramento 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.

Original Signature in Dockets
Mineka Foggie

* indicates change