

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA**

Application for Certification for the
Mirant Marsh Landing Generating Station Project

Docket No. 08-AFC-3

DOCKET	
08-AFC-3	
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**SIXTH STATUS REPORT OF
MIRANT MARSH LANDING, LLC**

November 12, 2009

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**SIXTH STATUS REPORT OF
MIRANT MARSH LANDING, LLC**

In accordance with the Committee Scheduling Order dated December 31, 2008, Mirant Marsh Landing, LLC (“Mirant Marsh Landing”) submits its sixth status report. Mirant Marsh Landing is requesting certification for the Marsh Landing Generating Station (“MLGS”), a nominal 760 megawatt natural gas-fired electricity generating facility to be located at a site in Contra Costa County, California that is in the process of being annexed into the City of Antioch.

There have been two important developments that affect this proceeding. First, on September 16, 2009, Mirant Marsh Landing filed an amendment to its application for certification to reflect refinements to the project’s design. The amendment was filed on the same day as (and was summarized in) Mirant Marsh Landing’s fifth status report. As modified, the MLGS will be a 760 megawatt peaking facility consisting of four simple cycle natural gas-fired combustion turbines. It will be designed to operate at a maximum 20 percent annual capacity factor. The MLGS will be designed specifically to provide fast-start, peaking and intra-day ramping capabilities. These capabilities are needed to integrate the state’s growing fleet of intermittent renewable generation resources and to meet system peak reliability needs.

Second, since the fifth status report was filed, Pacific Gas and Electric Company (“PG&E”) announced the selection of the MLGS as a winning project in PG&E’s 2008 long-term request for offer process.¹ PG&E is now seeking approval from the California Public Utilities Commission (“CPUC”) for a long-term power purchase agreement that provides for PG&E to purchase the output of the MLGS.² PG&E has requested CPUC approval by May 30, 2010.³ A decision by the California Energy Commission (“Commission”) granting certification

¹ See PG&E’s October 1, 2009 press release, “PG&E Signs Suite Of Power Agreements For Clean, Reliable Energy,” available at http://www.pge.com/about/news/mediarelations/newsreleases/q4_2009/091001.shtml.

² See Application of Pacific Gas and Electric Company for Approval of 2008 Long-Term Request for Offer Results and for Adoption of Cost Recovery and Ratemaking Mechanisms, filed September 30, 2009 in CPUC Docket No. A.09-09-021.

³ *Id.*

for the project is needed within the same time frame so that the MLGS can be online when its capacity is expected online by PG&E.

With these developments, the MLGS is on track to begin construction in late 2010 and to commence commercial operations on May 1, 2013. Following execution of the PPA, it is critical for the project to receive a Commission decision granting certification as soon as possible, and no later than May 2010, to facilitate compliance with the construction schedule and achievement of important project milestones. These milestones include a commercial operation date that is designed to ensure that the project's capacity will be available to meet anticipated system needs beginning in May 2013.

Mirant Marsh Landing appreciates staff's efforts to continue moving the project through the data analysis phase and toward publication of a Preliminary Staff Assessment ("PSA"). Below is an update regarding recent activity and anticipated next steps in the proceeding.

Workshop and Data Requests

On October 14, 2009, Mirant Marsh Landing, staff and other interested parties participated in a joint workshop with the Willow Pass Generating Station ("WPGS") to discuss the topic areas of Waste Management and Soil and Water Resources. In the area of Waste Management, discussions focused on the need for additional soil and groundwater sampling at the site, and the preparation of a screening risk assessment to support staff's analysis of potential risks to workers and the public. Representatives of PG&E participated in the workshop and described PG&E's role as the former owner of the site, and as the responsible party for addressing remediation of certain hazardous substances that may be present. As a result of the workshop, Mirant Marsh Landing now has a good understanding of what staff requires to complete its analysis, and expects to receive the questions as formal data requests by early next week. Since the workshop, Mirant Marsh Landing has been working with PG&E to prepare a workplan for the sampling and risk analysis. The workplan will be submitted to staff soon after the formal data requests are issued. Mirant Marsh Landing understands that the sampling results and risk analysis are not needed for the PSA, but will be needed before staff can issue the Final Staff Assessment ("FSA"). Mirant Marsh Landing has coordinated these efforts with PG&E and plans to submit the sampling results and risk analysis to staff by mid-January.

In the area of Soil and Water Resources, discussion at the workshop began with staff questions regarding wastewater and stormwater discharge and management plans, and then turned to the brackish groundwater supply proposed in Mirant Marsh Landing's recent

amendment. The expert consultants who prepared the detailed groundwater report in support of the amendment were present and gave an overview of their analysis and conclusion that the project's use of brackish groundwater will not have any significant adverse impacts on groundwater, surface water, or wells in the project vicinity. Mirant Marsh Landing understands that staff is finalizing data requests on the amendment and will issue these early next week.

Transmission System Engineering

In response to staff's requests, Mirant Marsh Landing submitted the Transition Cluster Group 1 Phase 1 Interconnection Study Report prepared by the California Independent System Operator ("CAISO") and PG&E ("Group 1 Cluster Study"). In doing so, however, Mirant Marsh Landing emphasized that the Group 1 Cluster Study reflects outdated and inaccurate assumptions regarding the amount of capacity that is likely to be added to the system by the Group 1 cluster of projects, and regarding the timing of those additions. The study therefore does not accurately predict potential transmission impacts associated with the MLGS. Mirant Marsh Landing explained these flaws in the cover letter that was submitted with the Group 1 Cluster Study.

Of particular importance, MLGS recently amended its interconnection request with the CAISO to reflect the change in project design and the recent announcement of the retirement of Units 6 and 7 of the Contra Costa Power Plant. The net increase in capacity associated with the MLGS is now only 100 MW, a substantial and material decrease from the 930 MW assumed in the Group 1 Cluster Study. Based on the amended interconnection request, very little (and potentially no) network upgrades will be needed to interconnect the MLGS.

For the reasons presented above and in Mirant Marsh Landing's docketed cover letter, the Group 1 Cluster Study should not be relied upon for the Commission's analysis in this proceeding. Mirant Marsh Landing has submitted a detailed system impact study that was prepared by a third party consultant based on guidance from staff. Mirant Marsh Landing proposes to update that study to reflect the decrease in net capacity associated with the MLGS, as well as (if made available) the list of Group I projects that are proceeding to Phase II of the CAISO's interconnection process. This list is expected to be available from the CAISO in early December. Once updated, the consultant's analysis will provide the most realistic and best available information regarding expected transmission system impacts due to the construction of the MLGS. That updated analysis should be available in January for staff to incorporate into the FSA to evaluate potential transmission system impacts.

Status of Preliminary Determination of Compliance

To reflect the changes in the project design, Mirant Marsh Landing also amended its application for an Authority to Construct from the Bay Area Air Quality Management District (“BAAQMD”). Since then Mirant Marsh Landing has been working with BAAQMD staff to answer questions and address issues so that BAAQMD can issue its Preliminary Determination of Compliance (“PDOC”) for the project. Our current expectation is that the PDOC will be issued by the end of this month. We are hopeful that staff will be in a position to issue the PSA very soon after receiving the PDOC, so that this case can proceed expeditiously.

As discussed above, Mirant Marsh Landing has made a contractual commitment to develop and construct the MLGS in time to meet a May 2013 online date. We appreciate all efforts to advance the project toward a certification decision by May 2010.

November 12, 2009

Respectfully submitted,



Lisa A. Cottle
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DECLARATION OF SERVICE

I, Lisa A. Cottle, declare that on November 12, 2009, I served and filed copies of the attached *Sixth Status Report of Mirant Marsh Landing LLC (Docket No. 08-AFC-3)*. The original document filed with the Docket Unit is accompanied by a copy of the most recent Proof of Service list, located at the web page for this project at <http://www.energy.ca.gov/sitingcases/marshlanding/index.html>. 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:

- For service to all other parties: Sent electronically to all email addresses on the Proof of Service list; and by depositing in the United States mail at San Francisco, California with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list to those addresses **NOT** marked as "email preferred."

AND

- For filing with the Energy Commission: Sent an original paper copy and one electronic copy, mailed and emailed respectively, to the address below:

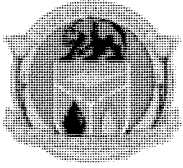
CALIFORNIA ENERGY COMMISSION

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



Lisa A. Cottle



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GENERATING STATION**

Docket No. 08-AFC-3

PROOF OF SERVICE
(Revised 10/23/2009)

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