

CALIFORNIA ENERGY COMMISSION1516 NINTH STREET
SACRAMENTO, CA 95814-5112**DOCKET****09-AFC-1**

July 31, 2009

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**TO: AGENCY DISTRIBUTION LIST****REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF THE WATSON COGENERATION STEAM AND ELECTRIC RELIABILITY PROJECT, DISTRIBUTION OF APPLICATION FOR CERTIFICATION SUPPLEMENT (09-AFC-1)**

On March 19, 2009, Watson Cogeneration Company submitted an Application for Certification (AFC) to the California Energy Commission to develop the Watson Cogeneration Steam and Electric Reliability Project in the City of Carson, in Los Angeles County. On June 29, 2009, a Supplement to the AFC was received and evaluated by staff. Subsequently, at the Energy Commission's July 29, 2009 Business Meeting, the AFC was deemed complete, beginning staff's analysis of the proposed project.

Project Description

The project complements the existing cogeneration facility located within the confines of the BP Carson Refinery. The existing facility has four General Electric (GE) 7EA combustion turbine generators (CTG), four heat recovery steam generators (HRSG) and two steam turbine generators (STG). In operation since 1988, the existing cogeneration facility is owned by Watson Cogeneration Company (Watson) and operated by BP West Coast Products, LLC – BP Carson Refinery. Watson is a joint partnership between subsidiaries of BP America and Edison Mission Energy. Since the project consists of adding a fifth CTG/HRSG to the existing configuration, it is also referred to as the "fifth train."

This fifth train would increase the existing capacity of the 385-megawatt (MW) Watson Cogeneration Facility by approximately 85 MW, resulting in a total output of 470 MW.

The project site is located within the boundary of the existing Watson Cogeneration Facility, which is a 21.7-acre area and is part of a larger parcel containing the BP Carson Refinery. The project site is located in the City of Carson, approximately 0.7 mile south of the 405 Freeway, roughly bounded by East 223rd Street to the north, Wilmington Avenue to the west, East Sepulveda Boulevard to the south, and South Alameda Street to the east.

The construction laydown and parking area is a paved 25-acre parcel located approximately one mile southeast of the project site, and is located at 2149 East Sepulveda Boulevard.

No off-site improvements such as water supply, natural gas or wastewater pipelines are proposed. Instead, the project would connect to the existing supply pipelines currently used by the Watson Cogeneration Facility. Similarly, the project would obtain its other utility needs and services (compressed air and anhydrous ammonia) from the existing

systems. Upgrades to existing transmission lines to accommodate the project would not be required.

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 in California, that are 50 MW and greater. 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 siting process is a Certified Regulatory program, the Commission produces several environmental and decision documents rather than an Environmental Impact Report. The issuance of a certificate by the Energy Commission is in lieu of any local, state or federal permit (to the extent permitted by federal law).

Agency Participation

To ensure that the Energy Commission has the information needed in order to make a decision, the Energy Commission's regulations identify a special role for federal, state, and local agencies (see, California Code of Regulations, title 20, sections 1714, 1714.3, 1714.5, 1742, 1743, and 1744). As a result, we request that you conduct a review of the AFC and provide us with the following information:

- 1) a discussion of those aspects of the proposed site and related facilities for which your agency would have jurisdiction but for the exclusive jurisdiction of the Energy Commission to certify sites and related facilities;
- 2) a determination of the completeness of the list in the AFC of the laws, regulations, ordinances, or standards which your agency administers or enforces and would be applicable to the proposed site and related facilities but for the Energy Commission's exclusive jurisdiction;
- 3) a description of the nature and scope of the requirements which the applicant would need to meet in order to satisfy the substantive requirements of your agency but for the Energy Commission's exclusive jurisdiction, and identification of any analyses that the Energy Commission should perform in order to determine whether these substantive requirements can be met; and
- 4) an analysis of whether there is a reasonable likelihood that the proposed project will be able to comply with your agency's applicable substantive requirements.

The scope of your agency's comments on the AFC should encompass *significant* concerns, and substantive requirements that would be required for permitting by your agency but for the Energy Commission's exclusive jurisdiction or certification (California Code of Regulations, title 20, section 1714.5, subdivision (a)(2); emphasis added). Please let us know if you need additional information or need to perform analyses or studies in order to resolve any concerns of your agency (California Code of Regulations, title 20, section 1714.5).

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We request that all agency comments be provided to us by **November 25, 2009**, except for the South Coast Air Quality Management District's Preliminary and Final Determinations of Compliance, which should be provided by **November 25, 2009** and **January 26, 2010**, respectively. You may be asked to present and explain your conclusions at public and evidentiary hearings on the project (see, California Code of Regulations, title 20, sections 1714.3, 1714.5, 1743, 1744.5, and 1748). Local agencies may seek reimbursement for reasonable costs incurred in responding to these requests. However, per California Code of Regulations, title 20, section 1715 reimbursement is not available to state and federal agencies.

Enclosed is a copy (CD) of the AFC Supplement in electronic format. A copy of the AFC was previously provided to you on April 10, 2009. 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 project, please contact Alan Solomon, Project Manager, at (916) 653-8236 or by email at asolomon@energy.state.ca.us. The status of the 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/watson>. You can also receive email notification of all project related activities and availability of reports by subscribing to the List Server on the website.

Sincerely,

Date: _____

Eric Knight, Manager
Energy Facilities Siting and Docket Office

Enclosure