

# Notice of Decision by California Energy Commission



X California Resources Agency  
1416 9th Street, Room 1311  
Sacramento, CA 95814

From: California Energy Commission  
1516 9th Street  
Sacramento, CA 95814

Subject: Filing of Notice of Decision in compliance with Public Resources Code Section 21080.5 and Title 20, California Code of Regulations, Section 1768.

Project Title: **EXTENSION OF OPERATIONAL LICENSE FOR 2001 EMERGENCY PEAKER PROJECTS**

Energy Commission Project / Docket Number:

**WILDFLOWER ENERGY – LARKSPUR (01-EP-1C),  
WILDFLOWER ENERGY – INDIGO (01-EP-2C),  
ALLIANCE COLTON – CENTURY (01-EP-4C),  
ALLIANCE COLTON – DREWS (01-EP-5C),  
CALPINE – KING CITY (01-EP-6C),  
CALPINE – GILROY (01-EP-8C),  
CALPEAK POWER – ENTERPRISE (01-EP-10C), AND  
CALPEAK POWER – BORDER (01-EP-14C).**

<b>DOCKET</b> 01-EP-10C
DATE <u>APR 11 2012</u>
RECD. <u>APR 11 2012</u>

Energy Commission Contact Person: Craig Hoffman Telephone: (916) 654-4781

## Project Description:

On January 17, 2001, Governor Gray Davis proclaimed a State of Emergency due to constraints on electricity supplies in California. The Governor declared that all reasonable conservation, allocation, and service restriction measures would not alleviate an energy supply emergency. As a result, the Governor issued Executive Orders D-22-01, D-24-01, D-25-01, D-26-01, and D-28-01 to expedite the permitting of peaking and renewable power plants that can be on line by September 30, 2001.

The Governor also declared that these projects are emergency projects under Public Resources Code section 21080(b)(4), and are thereby exempt from the requirements of the California Environmental Quality Act (CEQA).

Between March and June of 2011, fifteen applications under the emergency peaker provisions were submitted. Of the applications, four were withdrawn and 2 were permitted, but never built. Nine power plants were constructed and one, the Hanford Energy Park, ultimately converted to a combined cycle facility. The remaining eight emergency peaker power plant projects include the following:

Project Name	Location	Facility Type and Size
Larkspur Energy Facility (01-EP-1C)	San Diego County	90 MW Gas-Fired Simple Cycle
Indigo Energy Facility (01-EP-2C)	Riverside County	135 MW Gas-Fired Simple Cycle
Alliance Century (01-EP-4C)	San Bernadino County	40 MW Gas-Fired Simple Cycle
Alliance Drews (01-EP-5C)	San Bernadino County	40 MW Gas-Fired Simple Cycle
Calpine King City (01-EP-6C)	Monterey County	50 MW Gas-Fired Simple Cycle
Calpine Gilroy (01-EP-8C)	Santa Clara County	135 MW Gas-Fired Simple Cycle
CalPeak Enterprise #7 (01-EP-10C)	San Diego County	49 MW Gas-Fired Simple Cycle
CalPeak Border (01-EP-14C)	San Diego County	49 MW Gas-Fired Simple Cycle

The eight projects were built consistent with the certifications issued by the Commission and came on-line in the third or fourth quarter of 2001. The Energy Commission Decision for each of these facilities included a provision that would allow for the certification to be extended for the life of the project provided that the conditions of certification were current and in compliance, the project was permanent in nature, and air emission credits were in place. These power plants have been in operation for the past ten years and are seeking affirmation that their authority to operate has been extended pursuant to the terms and conditions of their certifications.

**Commission Action:**

On April 11, 2011, the California Energy Commission approved the above-described project pursuant to a regulatory program certified by the Secretary of Natural Resources under Section 21080.5 of the California Public Resources Code. The Energy Commission concludes that the power plants are being operated in compliance with the conditions of certification and confirm that the extension criteria have been satisfied and are current for the eight projects that are the subjects of this order. The Energy Commission finds that:

- On January 17, 2001, Governor Gray Davis proclaimed a State of Emergency due to constraints on electricity supplies in California. The Governor declared that all reasonable conservation, allocation, and service restriction measures would not alleviate an energy supply emergency. As a result, the Governor issued Executive Orders D-22-01, D-24-01, D-25-01, D-26-01, and D-28-01 to expedite the permitting of peaking and renewable power plants that can be on line by September 30, 2001.
- The Governor also declared that these projects are emergency projects under Public Resources Code section 21080(b)(4), and are thereby exempt from the requirements of the California Environmental Quality Act (CEQA).
- The Energy Commission licensed the following eight emergency peakers: Wildflower Energy – Larkspur (01-EP-1C), Wildflower Energy – Indigo (01-EP-2C), Alliance Colton – Century (01-EP-4C), Alliance Colton – Drews (01-EP-5C), Calpine – King City (01-EP-6C),

Calpine – Gilroy (01-EP-8C), Calpeak Power – Enterprise (01-EP-10C), And Calpeak Power – Border (01-EP-14C).

- The Energy Commission license for the emergency peakers included a provision that would, by operation of law, allow for the certification of the emergency projects to be extended provided that six criteria were met for each project. These criteria include the following:
  1. The project is permanent[ly mounted on a foundation]<sup>1</sup>, rather than temporary or mobile in nature.
  2. The project owner [has] demonstrates[d]<sup>2</sup> site control.
  3. The project owner has secured any necessary permanent emission reduction credits (ERCs) or REgional CLean Air Incentives Market (RECLAIM) trading credits (RTCs) by the local Air District and/or the California Air Resources Control Board (CARB). The ERCs or RTCs must be adequate to fully offset project emissions for its projected operational hours of the project.<sup>3456789</sup>
  4. The project is in current compliance with all Energy Commission permit conditions specified by the Decision.
  5. The project is in current compliance with all conditions contained in the Authority to Construct permit from the Air District.
  6. The project meets all Best Available Control Technology (BACT) requirements under local Air District rules[, as established in the ATC permit,]<sup>10</sup> and all CARB requirements.
- Staff has verified that the facilities that are the subject of this Order are in compliance with their conditions of certification, and affirm that for each facility the six extension criteria have been satisfied and are current.

Statute of Limitations: Notwithstanding Public Resources Code section 21080.5 subdivision (g), any challenge to a certification must be brought within the time specified in Public Resources Code section 25901.

The Energy Commission docket files containing the staff analysis, Commission Order, and other information regarding the project are available to the public at: California Energy Commission,

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<sup>1</sup> CalPeak Power - Border and Enterprise include the language ... permanently mounted on a foundation,...

<sup>2</sup> CalPeak Power – Border includes the language ... owner has demonstrated...

<sup>3</sup> CalPeak Power – Border required emission reduction credits approved by the San Diego Air Pollution Control District and the California Air Resources Control Board.

<sup>4</sup> CalPeak Power – Enterprise was not required to secure permanent emission reduction credits approved by the San Diego Air Pollution Control District and the California Air Resources Control Board.

<sup>5</sup> Alliance – Century and Drews secured RECLAIM trading credits as required by the South Coast Air Quality Management District.

<sup>6</sup> Calpine – Gilroy secured permanent emission reduction credits approved by the Bay Area Air Quality Management District and the California Air Resources Control Board.

<sup>7</sup> Calpine – King City secured permanent emission reduction credits approved by the Monterey Bay Unified Air Pollution Control District and the California Air Resources Control Board.

<sup>8</sup> Wildflower – Larkspur secured permanent emission reduction credits approved by the San Diego Air Pollution Control District and the California Air Resources Control Board.

<sup>9</sup> Wildflower – Indigo secured permanent emission reduction credits approved by the South Coast Air Quality Management District and the California Air Resources Control Board

<sup>10</sup> CalPeak Power – Border and Enterprise and Calpine - Gilroy and King City included the language ... as established in the ATC permit... (Authority to Construct)

1516 9th Street, Sacramento, California, 95814. Those documents and other information regarding the projects are also available on the Energy Commission's web site located at:

[www.energy.ca.gov/sitingcases/peakers/larkspur/compliance/](http://www.energy.ca.gov/sitingcases/peakers/larkspur/compliance/)

[www.energy.ca.gov/sitingcases/peakers/indigo/compliance/](http://www.energy.ca.gov/sitingcases/peakers/indigo/compliance/)

[www.energy.ca.gov/sitingcases/peakers/century/compliance/](http://www.energy.ca.gov/sitingcases/peakers/century/compliance/)

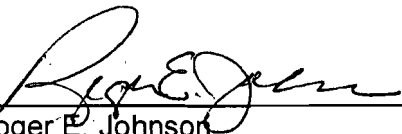
[www.energy.ca.gov/sitingcases/peakers/drews/compliance/](http://www.energy.ca.gov/sitingcases/peakers/drews/compliance/)

[www.energy.ca.gov/sitingcases/peakers/kingcity/compliance/](http://www.energy.ca.gov/sitingcases/peakers/kingcity/compliance/)

[www.energy.ca.gov/sitingcases/peakers/gilroy/compliance/](http://www.energy.ca.gov/sitingcases/peakers/gilroy/compliance/)

[www.energy.ca.gov/sitingcases/peakers/calpeak/compliance/](http://www.energy.ca.gov/sitingcases/peakers/calpeak/compliance/)

[www.energy.ca.gov/sitingcases/peakers/border/compliance/](http://www.energy.ca.gov/sitingcases/peakers/border/compliance/)

  
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Roger E. Johnson  
Deputy Director  
Siting, Transmission and Environmental Protection Division

4/11/12  
Date

California Energy Commission

Date received for filing at the Natural Resources Agency:

**FILED**  
APR 11 2012  
Resources Agency of California