



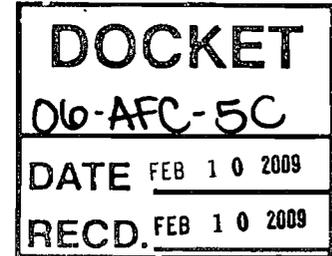
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February 10, 2009

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**VIA HAND DELIVERY**

Mr. Dale Rundquist  
Compliance Project Manager  
California Energy Commission  
1516 Ninth Street MS-15  
Sacramento, CA 95814



**Re: Panoche Energy Center (06-AFC-5C)  
Project Owner's Comments on Staff Analysis of Proposed Project Modifications**

Dear Mr. Rundquist:

On October 23, 2008, Panoche Energy Center, LLC ("Project Owner") submitted a Petition to Amend the California Energy Commission ("CEC") Final Decision for the Panoche Energy Center Project ("Petition"). Over the past several months, CEC Staff has evaluated the potential environmental impacts of the proposed modifications described in the Petition. On January 22, 2009, CEC Staff published its Staff Analysis of the proposed modifications. Comments related to the Staff Analysis are required to be presented to the CEC prior to February 11, 2009.

Issue Areas Addressed in the Staff Analysis

The Project Owner has no comments regarding the issue areas addressed in the Staff Analysis related to Biological Resources, Cultural Resources, Land Use, and Transmission System Engineering. Moreover, the Project Owner agrees with Staff's proposed revision to Condition of Certification LAND-1 as set forth on page 2 of the Land Use Staff Analysis prepared by Ms. Amanda Stennick.

Miscellaneous Comments

While the Project Owner does not have any comments regarding the four specific issue areas addressed in the Staff Analysis, Pacific Gas & Electric ("PG&E"), the owner and operator of the Panoche Substation that is the subject of the Petition, has prepared greenhouse gas ("GHG") emissions information related to the new breakers proposed to be installed as part of the substation expansion.



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For the proposed substation expansion, PG&E will be removing thirteen existing breakers, four of which use sulfur hexafluoride (“SF6”) (which is the best breaker insulator fluid available under current technology), and installing eighteen new SF6 breakers. The new breakers, which contain 260 lbs of SF6 each, have been designed and guaranteed by Mitsubishi to have an annual leak rate of 1/2 of 1% or less. In contrast, the breakers being removed hold 350 lbs of SF6 each, and the average annual leak rate of SF6 breakers in PG&E’s system in 1999 was 12%. Thus, for this project, eighteen new breakers will generate a maximum of 23.6 lbs of SF6 emissions annually. Removing four older breakers will avoid a maximum of 168 lbs of SF6 emissions, a net reduction of over 100 lbs of SF6 emissions annually, which is equivalent to 1,200 tons of CO2. In addition, PG&E is an active member of the EPA’s SF6 Emission Reduction Partnership. Since 1998, PG&E has reduced the SF6 leak rate by 89 percent and absolute SF6 emissions by 83 percent.

PG&E is also implementing several voluntary company-wide actions to further reduce GHG emissions. Such actions include PG&E’s ClimateSmart program, a voluntary GHG emission reduction program. For ClimateSmart customers, PG&E calculates the amount needed to make the GHG emissions associated with the customer’s energy use “climate neutral” and one hundred percent of customer payments are applied to funding new GHG emission reduction projects in California. PG&E also supports the Natural Gas STAR, a program promoting the reduction of methane from natural gas pipeline operations.

Based on the foregoing, the Project Owner looks forward to the March 25, 2009 Business Meeting at which the Commission may issue its decision on the Petition.

Respectfully submitted,

Melissa A. Foster

MAF:kjh

cc: Gary Chandler, Panoche Energy Center, LLC  
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