

CALIFORNIA ENERGY COMMISSION1516 NINTH STREET
SACRAMENTO, CA 95814-5512

November 18, 2011

DOCKET**09-AFC-2C**

DATE	Nov.18 2011
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Ms. Judith Halligan
Deputy Director
Consumer Protection and Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Almond 2 Power Plant Project – (09-AFC-2C) - Natural Gas Pipeline

Dear Ms. Halligan:

On December 15, 2010, the California Energy Commission (Energy Commission) approved the Almond 2 Power Plant (A2PP). The project as licensed will be located on a 4.6-acre parcel adjacent to the existing 48 megawatt (MW) TID Almond Power Plant (A1PP). The site is an industrial area, 2 miles from the Ceres city center and 5 miles from Modesto. A2PP would be a natural-gas fired, simple-cycle peaking facility rated at a gross generating capacity of 174 MW. Existing facilities at the adjacent A1PP will be shared with the A2PP facility without modification.

During the course of the licensing proceeding, the Commission noted that expansion of the existing natural gas service in this area would be required for the proposed project. At the time the project was licensed, it was understood that Pacific Gas & Electric (PG&E) would construct an 8-inch natural gas pipeline to their supply line several miles from the A2PP site, and that the pipeline would be dedicated to the A2PP.

It has recently come to the Energy Commission's attention that PG&E modified their proposed pipeline. PG&E has notified the Energy Commission that they have sought and received approval from the California Public Utilities Commission to build a 16-inch pipeline pursuant to CPUC General Order 112-D and 58-A. According to PG&E, this larger pipeline, while still serving the A2PP, will also serve other local customers, and is therefore no longer dedicated solely to the A2PP. PG&E has notified the Energy Commission that the CPUC is currently overseeing construction of that pipeline.

As a part of the Commission's licensing proceeding as authorized under the Warren-Alquist Act, Public Resources Codes Section 2500 et. seq., the Commission staff undertook a comprehensive review of the potential for environmental effects from the project. Under the Commission's CEQA equivalent process, the license to construct the A2PP contains numerous Conditions of Certification that provide for mitigation to reduce impacts to less than significant, mandate compliance with all laws, ordinances, regulations, and standards, and ensure that the health and safety of the public is adequately protected.

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There are several Conditions of Certification from the Energy Commission's license for the A2PP that applied to the corridor within which the CPUC has licensed the 16-inch pipeline that is currently under construction by PG&E. Until the change in scope of PG&E's pipeline project was recently brought to light, Energy Commission staff has been monitoring the compliance with these Conditions of Certification, with an interest in ensuring that the mitigation recommended to reduce impacts to less than significant was carried out, that all laws, ordinances, regulations, and standards were complied with, and the health and safety of the public was adequately protected. I have attached a copy of those Conditions of Certification.

One incident occurred involving the Energy Commission's Conditions of Certification wherein Native American remains were discovered during pipeline construction. Energy Commission staff has been in active consultation with the local Native American Communities and PG&E regarding treatment proposals. It is assumed that construction of the portion of the pipeline reinforcement nearest the San Joaquin River will disinter further human skeletal remains, and Energy Commission Staff believes that it is important to continue consultations with the Native American communities in the area, and to that end, with your concurrence, is willing to provide input regarding the protection of these cultural resources.

Please let me know what assistance we can provide to help the California Public Utilities Commission in its oversight into the construction of PG&E's 16 inch pipeline to the Almond 2 Power Plant Project. If you have any questions, please do not hesitate to call me at (916) 654-3933, or your staff may contact Energy Commission Senior Staff Counsel Kevin W. Bell at (916) 654-3855.

Sincerely,

A handwritten signature in blue ink, appearing to read "Terrence O'Brien", with a horizontal line above it.

TERRENCE O'BRIEN
Deputy Director
Siting, Transmission,
and Environmental Protection Division

cc: Dockets Unit, California Energy Commission