

Department of
Conservation &
Development

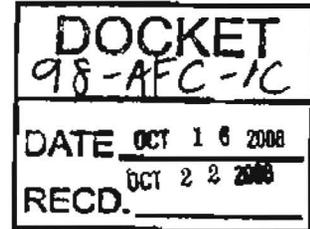
Contra
Costa
County

Catherine O. Kutsuris
Director

Thomas J. Huggett, SE
Interim Deputy Director
Building Inspection Division

Building Inspection Division

County Administration Building
651 Pine Street
North Wing, Third Floor
Martinez, CA 94553-1229



Phone:

October 16, 2008

Angelique Juarez-Garcia
Compliance Project Manager
Energy Facilities Siting Division
California Energy Commission
1516 9th St. Mail Stop 2000
Sacramento, Ca. 95814-5512

Dear Angelique,

Attached is a copy of the signed MOU for the LMEC transmission line project between Contra Costa County and the CEC. As I mentioned in our phone conversation today, we are currently reviewing the plans submitted to us from Dow chemical company to determine the fees we will need to recoup to cover our cost. I should be contacting Dow/Calpine next week to begin the negotiations for our contract. I will keep you abreast of our progress.

If you have any questions please feel free to contact me.

Sincerely,

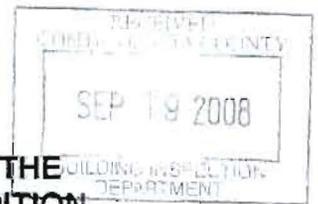
A handwritten signature in black ink, appearing to read "Thom Huggett", with a long horizontal line extending to the right.

Thom Huggett, SE
Interim Deputy Director
Building Inspection Division

Attachment

**MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN THE
CALIFORNIA ENERGY COMMISSION
AND
CONTRA COSTA COUNTY**

**FOR DESIGN REVIEW, PLAN CHECK AND INSPECTION OF THE
LOS MEDANOS ENERGY CENTER TRANSMISSION LINE ADDITION
98-AFC-1C**



RECITALS:

- A. On March 17, 2008, Calpine Corporation filed a petition with the Energy Commission to modify the Los Medanos Energy Center (LMEC) to include a new transmission line. The petition proposed to add a new transmission line extending from LMEC to the Pittsburg facility of The Dow Chemical Company. The LMEC is located in the city of Pittsburg in Contra Costa County. For purposes of this MOU, "Project" means the LMEC and "Project Changes" means the new transmission line extending from LMEC to the Pittsburg facility of The Dow Chemical Company.
- B. The Energy Commission approved the petition to amend on September 10, 2008. The Energy Commission must ensure that the Project and any approved modifications to the Project are designed, constructed, and operated in conformity with the Energy Commission's Decision (the LMEC certification, No. 98-AFC-1C), the California Building Standards Code (CBSC), the local building codes (Codes) adopted by the County of Contra Costa, and applicable laws, ordinances, regulations, and standards (LORS) to ensure health and safety.
- C. The Energy Commission Decision requires that Calpine Corporation submit engineering plans, calculations, specifications, and other related information to the Delegate Chief Building Official (Delegate CBO) for review and approval, prior to and during construction of the transmission line. The intent of this requirement is to provide an independent review of the final design and inspections to ensure compliance with applicable LORS.
- D. The design review, construction inspections and necessary approvals prior to and during construction of the transmission line will be provided by Contra Costa County, a fully qualified third party contractor experienced in providing industrial building official services, acting as the Energy Commission's Delegate CBO to ensure independent review of the Project Changes.

personnel shall not work on the Project Changes until they are approved by the CPM.

7. Contra Costa County may retain the services of one or more independent qualified subcontractor(s) to supplement Contra Costa County employees in the design review, plan check, and construction inspection. The subcontractor(s) will answer directly to, and be responsible to, the Delegate CBO. The Delegate CBO shall provide the qualifications and scope of work of the subcontractor(s) to the CPM for approval at least ten days prior to the subcontractor's expected start of work. The Delegate CBO will retain responsibility for the construction inspections required by section 108.4.4 of the CBSC and for monitoring special inspections required by chapter 17 of the CBSC.
8. Contra Costa County shall require that its subcontractors have not previously been employed directly by the Project owner or its agents at any time during the 12 months prior to the start of this agreement. Contra Costa County shall also require that during the course of this agreement its subcontractors or its agents will not be directly, or indirectly, employed by the Project owner or any entity of which it is a holding, subdivision, or subsidiary.
9. At the request of the CPM, the Delegate CBO, its subcontractor(s), and any special inspectors shall assist the CPM in any audits or inspections of the Project Changes.
10. Contra Costa County shall enter into a contract with Calpine Corporation, on terms and conditions acceptable to the Contra Costa County and Calpine, for the payment of fees by Calpine to Contra Costa County for the County's provision of Delegate CBO services provided. Contra Costa County will not provide any Delegate CBO services without a contract between the County and Calpine. The Energy Commission through the CPM shall ensure that the fees charged to Calpine Corporation for the review and inspection services provided by the Delegate CBO and any subcontractors are reasonable. These fees may be based on the County fee schedule, may be based on the value of the facilities reviewed, may be based on hourly rates, or as otherwise agreed to by the Contra Costa County and Calpine. Payments to Contra Costa County for work satisfactorily completed may be paid directly to Contra Costa County in advance, in arrears, or from a credit account established with Contra Costa County by Calpine Corporation. The contract between the Project owner and Contra Costa County shall include a provision that Calpine Corporation may not terminate the contract with, or payments to, Contra Costa County without prior authorization of the CPM. At least ten days prior to execution of the contract between Calpine Corporation and Contra Costa County, the proposed contract must be submitted to the CPM for review and approval.
11. The Delegate CBO shall take all reasonable measures to accommodate Calpine Corporation's design and construction schedule, including, but not limited to, adding staff to its workforce and/or retaining the services of additional independent qualified subcontractor(s).

other relevant submittals shall be provided to the CPM, in the form of compact discs, within 90 days of completion of construction on the Project Changes.

18. The Energy Commission, through the CPM, retains the final authority over all matters relating to interpretation of the Conditions of Certification.
19. The term of this agreement (MOU) is indefinite but shall terminate when all of the mutual obligations have been performed and satisfied. It shall also terminate at such time as Calpine Corporation fails to pay fees as required or renders Contra Costa County's performance under this agreement impossible. Notwithstanding the foregoing, Contra Costa County or the Energy Commission may terminate this agreement upon five (5) days advance written notice complying with the provisions of section 22 below:
20. All correspondence regarding this agreement, including invoices, payments, and notices, shall be directed to the following persons at the following addresses and telephone numbers:

DELEGATE CBO: Thom Huggett, SE
Interim Deputy Director
Department of Conservation and Development
Contra Costa County
Building Inspection Division
651 Pine Street, 3rd Floor, NW
Martinez, CA 94553
(925) 335-1108
(925) 646-1219 fax
thugg@bi.cccounty.us

ENERGY COMMISSION: Ron Yasny, Compliance Project Manager
California Energy Commission
1516 9th Street, MS 2000
Sacramento, CA 95814
Phone (916) 651-1227
Fax (916) 654-3882
ryasny@energy.state.ca.us

Written correspondence shall be sent either by personal delivery (including overnight delivery service), by U.S. Mail, postage prepaid, fax, or e-mail; it shall be considered delivered when actually received.

21. This memorandum of understanding shall be effective upon execution by all parties.
22. In the event of a conflict between this MOU and an Energy Commission Decision granting an application for certification, the Energy Commission Decision shall take precedence.