

## DOCKETED

<b>Docket Number:</b>	12-AFC-02
<b>Project Title:</b>	Huntington Beach Energy Project
<b>TN #:</b>	202452
<b>Document Title:</b>	SCAQMD Response to City of Huntington Beach's PDOC Comment
<b>Description:</b>	SCAQMD Response to City of Huntington Beach's PDOC Comment
<b>Filer:</b>	John Yee
<b>Organization:</b>	South Coast Air Quality Management District
<b>Submitter Role:</b>	Public Agency
<b>Submission Date:</b>	6/12/2014 10:29:08 AM
<b>Docketed Date:</b>	6/12/2014



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • www.aqmd.gov

June 11, 2014

Mr. Fred Wilson  
City Manager  
City of Huntington Beach  
2000 Main Street  
Huntington Beach, CA 92648

Subject: Huntington Beach Energy Project (HBEP)  
Preliminary Determination of Compliance, Response to Comments

Dear Mr. Wilson,

Thank you for your comment letter dated May 5, 2014 relative to the South Coast Air Quality Management District's (SCAQMD) Preliminary Determination of Compliance (PDOC) and proposed Title V Permit to Construct from the Huntington Beach Energy Project (HBEP). Your interest and willingness to express the concerns on behalf of the City of Huntington Beach is the type of municipal involvement that is critical to the effort to achieve healthful air quality in Southern California. As you know, the HBEP is a combined cycle gas turbine power plant project proposed for the existing Huntington Beach Generating Station located at 21730 Newland St, Huntington Beach, CA 92646. The project as proposed will replace two older, less efficient utility boilers (No. 1 and No. 2) currently operating on this site since the 1950's, with a more efficient combined cycle gas turbine generating system.

The City of Huntington Beach has made a request to the SCAQMD, "(to) develop an investment plan consistent with the CPV Sentinel template where the mitigation funding is expended in communities and on projects closest to the project." On September 6, 2013, SCAQMD adopted Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption with the intent to invest the fees collected in air pollution improvement strategies for the pollutants (or their precursors) for which the fee is paid consistent with the needs of the SCAQMD Air Quality Management Plan.

Rule 1304.1, Paragraph (d)(1) – Use of Offset Fee Proceeds, states "Except as provided in Paragraph (d)(2), the Offset Fee proceeds paid pursuant to this rule shall be deposited in an SCAQMD restricted fund account and shall be used to obtain emission reductions consistent with the needs of the Air Quality Management Plan. Priority shall be given to funding air quality improvement projects in impacted surrounding communities where the repowering EGF projects are located." The last sentence of Paragraph (d)(1) to give priority to funding air quality improvement projects in the impacted surrounding communities where the repowering EGF project are located was included to acknowledge that the area where the EGF project is to be

located should be mitigated with these air quality improvement projects to help offset emission impacts by the new project.

Also, in the Resolution adopted with Rule 1304.1, the SCAQMD Governing Board directed staff to work closely with stakeholders on a plan to outline how the fee revenue generated from Rule 1304.1 will be utilized and to report back to both SCAQMD Stationary Source Committee and the Governing Board. SCAQMD staff is presently developing this plan and will consider your comments as well as input from other stakeholders as part of the proposed plan.

We appreciate the effort spent by your staff to review and provide comments in response to the public notice for this project. Please contact me at (909) 396-2662, if you have any questions.

Very truly yours,



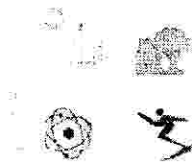
Mohsen Nazemi, P.E.  
Deputy Executive Officer  
Engineering and Compliance

MN:AYL

cc: CEC, Docket No.: 12-AFC-02

Aaron Klemm, Huntington Beach, City Manager's Office

Jane James, Huntington Beach, Planning and Building Dept.



# City of Huntington Beach

2000 MAIN STREET

CALIFORNIA 92648

## DEPARTMENT OF PLANNING AND BUILDING

[www.huntingtonbeachca.gov](http://www.huntingtonbeachca.gov)

Planning Division

714.536.5271

Building Division

714.536.5241

May 5, 2014

Mr. Chris Perri  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178

**SUBJECT: CITY OF HUNTINGTON BEACH COMMENTS REGARDING  
HUNTINGTON BEACH ENERGY PROJECT  
DOCKET NO. 12-AFC-02  
SCAQMD PRELIMINARY DETERMINATION OF COMPLIANCE**

Dear Mr. Perri:

The City of Huntington Beach has reviewed the South Coast Air Quality Management District's Preliminary Determination of Compliance (PDOC) for the proposed Huntington Beach Energy Project. The proposed project is a request to replace the existing AES power generating station with a natural gas-fired, combined cycle, air-cooled, 939-megawatt (MW) electrical generating facility on the 28.6 acre facility in Huntington Beach. The proposed HBEP would consist of two independently operating, three-on-one, combined-cycle gas turbine power blocks. Each power block will consist of three natural gas-fired combustion turbine generators, three supplemental fired heat recovery steam generators, one steam turbine generator, an air-cooled condenser, and related ancillary equipment.

On October 21, 2013, the City of Huntington Beach City Council adopted Resolution No. 2013-55, *A Resolution of the City Council Urging the Governing Board of the SCAQMD to Use Funding from Rule 1304.1, Electrical Generating Facility Fee for Use of Offset Exemptions, on Local Air Quality Projects and Directing City Manager to Develop a Set of Proposed Clean Air Infrastructure Projects*. Consistent with the City Council resolution, the City requests that the SCAQMD develop an investment plan consistent with the CPV Sentinel template where the mitigation funding is expended in communities and on projects closest to the project.

Thank you for the opportunity to review and provide comments on this important project in the City of Huntington Beach. We are committed to participating in the CEC processing of the application to ensure a high quality outcome for the citizens of Huntington Beach. Please do not hesitate to contact Aaron Klemm at 714- 536-5537 or Jane James at 714-536-5596 if you have any questions or need any additional information.

Sincerely,



Aaron Klemm  
City Manager's Office  
Energy Project Manager



Jane James  
Planning and Building Department  
Planning Manager

Attachment: City Council Resolution No. 2013-55

cc: Felicia Miller, Project Manager, CEC  
Fred Wilson, City Manager  
Ken Domer, Assistant City Manager  
Scott Hess, Director of Planning and Building  
Bill Reardon, Fire Battalion Chief  
Joe Morelli, Fire Protection Analyst  
Debbie DeBow, Principal Civil Engineer  
Mark Carnahan, Permit and Plan Check Manager  
Dave Dominguez, Facilities, Development & Concessions Manager

RESOLUTION NO. 2013-55

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF HUNTINGTON BEACH URGING THE GOVERNING BOARD  
OF THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT TO USE  
FUNDING FROM RULE 1304.1, ELECTRICAL GENERATING FACILITY FEE  
FOR USE OF OFFSET EXEMPTIONS, ON LOCAL AIR QUALITY PROJECTS  
AND DIRECTING CITY MANAGER TO DEVELOP A SET OF PROPOSED  
CLEAN AIR INFRASTRUCTURE PROJECTS

WHEREAS, on September 6, 2013 the South Coast Air Quality Management District (SCAQMD) approved Rule 1304.1, which sets a fee if Electric Generating Facilities meet their emissions offset obligations for boiler replacement projects by using different offsets provided by SCAQMD pursuant to Rule 1304(a)(2). The final rule (adopted by a vote of 11-1) emphasizes the use of fees in those communities that are closest to the facilities and funding projects consistent with the AQMD's Air Quality Management Program goals; and

Recently, SCAQMD Executive Officer Dr. Barry Wallerstein informed the Stationary Source committee that the CPV Sentinel project located in Coachella Valley is a good model for the use of Rule 1304.1 fees and recommended that the CPV Sentinel general approach, i.e. that all of the fees paid by the CPV Sentinel were expended locally, be followed for other projects; and

The City of Huntington Beach ("City") estimates that fees generated from AES Huntington Beach Energy Project using offsets pursuant to Rule 1304.1 will total over \$72,000,000. The fees will be paid in increments to SCAQMD in 2014, 2019 and 2021; and

The AES Huntington Beach Energy Project Application for Certification before the California Energy Commission requests permit conditions to potentially emit a net increase of 193.9 tons per year of Oxides of Nitrogen, or NO<sub>x</sub>, 13.8 tons per year of Sulfur Dioxides (SO<sub>x</sub>), 119.6 tons per year of Volatile Organic Compounds (VOCs), 91.1 tons per year of PM<sub>10</sub> and 98.2 tons per year of PM<sub>2.5</sub>; and

AES Huntington Beach Energy Project will utilize Best Available Control Technology to meet the Lowest Achievable Emissions Rate (LAER) standard and in addition pay the Rule 1304.1 fees; and

The City has installed 2.13 megawatts of on-site solar and retired the Renewable Energy Credits creating annual emission reductions of 3,429,545 pounds of carbon dioxide, 910 pounds of NO<sub>x</sub>, 174 pounds of SO<sub>x</sub>, 285 pounds of PM<sub>10</sub> and 213 pounds of PM<sub>2.5</sub>; and

The City is in the process of upgrading its street lights to LED light sources which is projected to reduce electricity consumption by 4,405 megawatt hours annually; this will also reduce stationary source emissions by as 2,912,586 pounds of Carbon Dioxide, 1,846 pounds of NO<sub>x</sub> and 802 pounds of Sox; reduce 388 pounds of PM<sub>10</sub> emissions annually and 291 pounds of PM<sub>2.5</sub> emissions annually; and

The longer life LED street lights will result in three avoided round trips of heavy duty maintenance bucket trucks per fixture; and the City's LED street light conversions will eliminate 1,764,000 miles of diesel-fueled heavy duty truck vehicle emissions and pursuant to EPA data result in reduced mobile source emissions of 4,303,423 pounds of CO<sub>2</sub>, 17,686 pounds of Nitrogen Oxides, 1,065 pounds of Volatile Organic Compounds, 4,623 pounds of Carbon Monoxide, 307 pounds of PM<sub>10</sub> and 330 pounds of PM<sub>2.5</sub>; and

NOW, THEREFORE, the City Council of the City of Huntington Beach does hereby resolve as follows:

SECTION 1. The City Council urges the Governing Board of the South Coast Air Quality Management District to:

1. Engage with the stakeholders nearest the AES Huntington Beach Energy Project to develop an investment plan consistent with the CPV Sentinel template where the mitigation funding is expended on projects closest to the project.)
2. Invest the Rule 1304.1 2014 annual estimated fees of \$2,894,802, less 8% for AQMD administration, from AES' Huntington Beach Energy Project Rule 1304.1, in the City's street light LED upgrades providing stationary and mobile emissions reductions.

SECTION 2. The City Council directs the City Manager to develop a proposed comprehensive set of clean air infrastructure projects in consultation with SCAQMD staff in preparation for AES' planned lump sum Rule 1304.1 payments.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the 21st day of October, 2013.

*Connie Borden*

REVIEWED AND APPROVED:

  
\_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney


INITIATED AND APPROVED:

  
\_\_\_\_\_  
City Manager

STATE OF CALIFORNIA  
COUNTY OF ORANGE            ) ss:  
CITY OF HUNTINGTON BEACH )

I, JOAN L. FLYNN the duly elected, qualified City Clerk of the City of Huntington Beach, and ex-officio Clerk of the City Council of said City, do hereby certify that the whole number of members of the City Council of the City of Huntington Beach is seven; that the foregoing resolution was passed and adopted by the affirmative vote of at least a majority of all the members of said City Council at a **Regular** meeting thereof held on **October 21, 2013** by the following vote:

AYES:       Sullivan, Hardy, Harper, Boardman, Carchio, Shaw, Katapodis  
NOES:       None  
ABSENT:    None  
ABSTAIN:   None

  
\_\_\_\_\_  
City Clerk and ex-officio Clerk of the  
City Council of the City of  
Huntington Beach, California