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Filer:	Cathy Hickman
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Telephone: (916) 653-8236

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To: Commissioner Andrew Mc Allister, Presiding Member
Commissioner Karen Douglas, Associate Member
Hearing Officer, Susan Cochran

From: California Energy Commission -
1516 Ninth Street
Sacramento, CA 95814-5512

John Heiser
Project Manager

**SUBJECT: HUNTINGTON BEACH ENERGY PROJECT (HBEP) (12-AFC-02C) –
PETITION TO AMEND ISSUES IDENTIFICATION AND SCOPING
REPORT**

Attached is staff's Issues Identification and Scoping Report for the Huntington Beach Energy Project Petition to Amend. This report is a preliminary scoping document that identifies issues that California Energy Commission staff believes will require careful attention and consideration or could cause delay in processing the Petition to Amend. This report also provides a proposed schedule. Energy Commission staff will present the Issues Identification and Scoping Report at the Informational Hearing and Site Visit to be held on December 8, 2015.

cc: Docket (12-AFC-02C)
Proof of Service List

Attachment: (1) Issues Identification and Scoping Report

**HUNTINGTON BEACH ENERGY PROJECT - PETITION
TO AMEND
(12-AFC-02C)**

ISSUES IDENTIFICATION AND SCOPING REPORT

CALIFORNIA ENERGY COMMISSION

Siting, Transmission and Environmental Protection Division

**HUNTINGTON BEACH ENERGY PROJECT –
PETITION TO AMEND
(12-AFC-02C)**

ISSUES IDENTIFICATION AND SCOPING REPORT

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ISSUES IDENTIFICATION AND SCOPING REPORT

This report has been prepared by the California Energy Commission staff (staff) to inform the Huntington Beach Energy Project (HBEP) (12-AFC-02C) Petition to Amend (PTA) Committee and all interested parties of the potential issues that have been identified in the review of the PTA thus far as well as the expected scope of staff's assessment and staff's proposed schedule for the proceeding. The issues and scope of analyses have been determined during staff's review of the Huntington Beach Energy Project PTA and as a result of discussions with federal, state, and local agencies. In a letter to staff on November 20, 2015, the City of Huntington Beach has identified multiple information needs and issues that should be addressed in the review of the proposed PTA. Staff will work to address these issues and inform the Committee about progress made towards their resolution by submitting status reports in the time and manner ordered by the Committee.

AMENDMENT PROCESS

The Huntington Beach Energy Project (HBEP) (12-AFC-02C) PTA submitted by AES Southland Development, LLC (AES), is being processed as an amendment to the approved Huntington Beach Energy Project (HBEP) (12-AFC-02) Final Decision that was certified by the Energy Commission on October 29, 2014. The purpose of the Energy Commission's review process is to assess the impacts of this proposal on environmental quality and on public health and safety. The review process includes an evaluation of the consistency of the proposed changes with the Energy Commission's Decision and a determination on whether the project, as modified, will remain in compliance with applicable laws, ordinances, regulations, and standards (Title 20, Calif. Code of Regulations, section 1769).

PROJECT DESCRIPTION

Project Location & Site Description

The Huntington Beach Energy Project site is located in an industrial area of Huntington Beach, California at 21730 Newland Street, just north of the intersection of the Pacific Coast Highway (Highway 1) and Newland Street, Orange County. The site is privately owned land and is relatively flat with an approximate elevation of 10 to 14 feet above mean sea level. The project borders a manufactured home/recreational vehicle park on the west, a tank farm on the north, the Magnolia Marsh wetlands on the north and east, and the Pacific Ocean and Huntington Beach State Park on the south and southwest.

Project Background

On June 27, 2012, AES submitted an Application for Certification (AFC) (12-AFC-02) to the California Energy Commission to construct, own, and operate the Huntington Beach Energy Project (HBEP). The HBEP would have replaced, and been constructed entirely within the footprint of, the existing and operating AES Huntington Beach Generating Station (HBGS).

HBEP (12-AFC-02) was approved on October 29, 2014 to be a natural gas-fired, combined-cycle, air-cooled, 939-megawatt (MW) electrical generating facility. No new offsite linear facilities were proposed as part of the project. HBEP would have consisted of two independently operating, three-on-one, combined-cycle gas turbine power blocks. Each power block would have consisted of three Mitsubishi 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. Other equipment and facilities to be constructed and shared by both power blocks included natural gas compressors, water treatment facilities, emergency services, and administration and maintenance buildings.

Description of Proposed Modification

On September 9, 2015, AES Southland, LLC submitted a Petition to Amend (PTA) the approved project. HBEP, as amended, (12-AFC-02C) would be constructed in two phases with a combined total of 844-MW. Phase 1 would be a natural gas-fired, combined-cycle, air-cooled, 644-MW electrical generating facility. Phase 2 would be two 100-MW simple-cycle gas turbines. No new offsite linear facilities are proposed as part of this project. Both phase 1 and 2 would be constructed on 30 acres entirely within the footprint of the existing and operating AES Huntington Beach Generating Station (HBGS) with the following equipment:

- One combined-cycle, gas turbine (CCGT), 644-MW power block consisting of two General Electric (GE) Frame 7FA.05s;
- Two unfired heat-recovery steam generators equipped with two emission control systems to control CO, NOx and VOC emissions;
- One steam turbine generator;
- One air-cooled condenser (ACC) and one closed-loop air-cooled heat exchanger;
- One natural gas-fired auxiliary boiler to support the power block;
- Related ancillary equipment; and
- In phase two, two GE simple-cycle LMS-100 PB combustion turbine generators (CTGs) with a nominal capacity of 200 MWs.

The petitioner is proposing to modify the HBEP 12-AFC-02 Final Decision (now 12-AFC-02C) by replacing power block 1 as licensed, with the two-on-one combined-cycle natural gas-fired turbine (CCGT) configuration described above with a nominal summer capacity of 644 MWs (net).

Power block 2 as licensed would be replaced with two GE LMS-100 PB simple-cycle gas turbine (SCGT) units with a nominal capacity of 200 MWs. Each power block will have a set of electric-powered natural gas compressors.

The project would be constructed on 30 acres within the footprint of the existing Huntington Beach Generating Station (HBGS). This area includes the licensed 28.6-acre site plus an additional 1.4 acres of paved area previously evaluated as temporary construction parking that the project owner has acquired from Southern California Edison (SCE).

An additional area for temporary construction laydown and construction worker parking would be located at the former Plains All-American Tank farm property to the southeast of the licensed site. The licensed HBEP included 1.9 acres of construction parking on the Plains site. As part of the amendment, a total of 22 acres of combined construction parking and construction laydown is proposed at the Plains All-American site.

The proposed amendment to the HBEP Final Decision is the result of the selection by Southern California Edison (SCE) of the revised AES project in the 2013 Local Capacity Requirements Request for offers (LCR RFO) to provide a combined 644 MW of nominal capacity, with different technology than that permitted in the HBEP Final Decision.

Construction Schedule

If the HBEP amendment is approved by the Energy Commission, construction and demolition activities at the project site are anticipated to last 96 months, beginning with the removal of the Unit 5 peaker (former gas turbine generator), two former fuel oil tanks, associated fuel oil pipelines, asbestos and containment berms beginning in the second or third quarter of 2016 and lasting through the first quarter of 2024. This demolition work will require site preparation and grading activities. Construction of the amended HBEP SCGT units will require the retirement and demolition of existing Units 3 and 4.

Removal/demolition of existing Huntington Beach Generating Station Units 3 and 4 will occur in advance of the construction of the Amended HBEP SCGT power block. Demolition of Units 3 and 4 is authorized under the California Energy Commission license for that project (CEC; 00-AFC-13C), will proceed during the amended HBEP certification process, and is not part of the amended (12-AFC-02C) HBEP project definition. However, it is addressed in the PTA for review of potential project cumulative impacts.

Construction of the combined-cycle gas turbine (CCGT) phase I, power block 1, is anticipated to begin in the second quarter of 2017 with commercial operation of power block 1 during the first/second quarter of 2020. Construction of the simple-cycle gas turbine (SCGT) phase II, power block 2, is anticipated to begin during the first quarter of 2022 with commercial operation during the first quarter of 2024.

Existing Huntington Beach Generating Station Unit 1 will be retired in the fourth quarter of 2019 to provide interconnection capacity for the new CCGT units and Unit 2 will be

retired either after commercial operation of the HBEP SCGT or at the final compliance deadline for once-through-cooling intake structures as determined by the State Water Resources Control Board, after which demolition of Huntington Beach Generating Station Units 1 and 2 will commence.

As discussed in the previous Final Staff Assessment (12-AFC-02), demolition and construction of the amended HBEP will commence in phases to allow continued operation of existing power generation and voltage units to maintain a minimum generating capacity of at least 430-MW of power delivery and grid reliability. Construction of HBEP power blocks 1 and 2 will be coordinated with the operation and demolition of the existing HBGS Units 1, 2, 3, 4, and 5 and are contingent on permitting and CPUC-approved power purchase agreements. HBEP construction will require the removal of the existing HBGS Units 3, 4, and 5 and existing fuel storage tanks. Initial demolition begins with Unit 5, the fuel storage tanks and the stack for Unit 3 and 4, to provide the space for power block 1. Once power block 1 is operational, the synchronous condenser will cease operation and the remainder of units 3 and 4 will be demolished.

Power block 2 will be constructed on the footprint of the demolished Units 3 and 4. Once power block 2 is operational, the remaining HBGS Units 1 and 2 will be demolished. The construction of the control and maintenance buildings is scheduled to occur during the last 14 months of the demolition of Units 1 and 2.

HBEP Major Milestones

Activity	Date
Initiate Demolition of Unit 5 Peaker and East Oil Tank	Second/Third Quarter 2016
Soil investigation/remediation, site preparation and grading	Fourth Quarter 2016
Begin Construction of CCGT	Second Quarter 2017
Commercial Operation of Block 1	First/Second Quarter 2020
Initiate Demolition of Units 3 and 4	First/Second Quarter 2020
Begin Construction of SCGT	First Quarter 2022
Commercial Operation of SCGT	First Quarter 2024
Initiate Demolition of Units 1 and 2	First Quarter 2024

SCOPE OF STAFF ANALYSIS

Based upon staff's initial review of the Petition to Amend, staff in each technical area will do one of the following:

Confirm adequacy of current analysis – Staff will evaluate the proposed modifications in the petition to amend against the current approved project to determine whether there is a change in impacts/mitigation between then and now.

Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.

Prepare New Analysis of Proposed Changes – Staff will be preparing a full analysis to address the proposed project changes.

LEVEL OF STAFF ANALYSIS

The level of analysis in each technical area will be commensurate to the changes proposed in the amendment.

LORS Conformance – Staff will review applicable laws, ordinances, regulations and standards to determine if the project as amended will be in conformance with any new or revised LORS.

Review of Amendment – Staff will review the proposed changes and determine if additional data and analysis is required beyond the analysis, impacts, mitigation and conditions of certification in the Commission Decision.

Development of Data Requests – Staff has issued and will continue to develop Data Requests if they require additional information to supplement the environmental analysis of the proposed changes pursuant to Title 20, California Code of Regulations, Section 1769(a)(1)(E).

Analysis and Preparation of Preliminary Staff Assessment (PSA) – Staff will prepare a preliminary assessment that addresses what, if any, additional analysis is needed to address the proposed changes to the project.

Respond to Comments – Staff will respond to substantive comments received from interested parties on the PSA.

Preparation of Final Staff Assessment – Staff will make appropriate changes and finalize its analysis in the Final Staff Assessment (FSA).

Evidentiary Hearings – Staff will participate in hearings as required by the Committee.

Review and Comment on Presiding Member's Proposed Decision – As appropriate, staff will review and comment on the Presiding Member's Proposed Decision.

Contribute to Staff Briefs – As appropriate, staff will contribute to Staff Briefs prepared by legal counsel.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential major issues that staff has identified to date. Discovery is currently under way. The Committee should be aware that this report may not include all of the significant issues that may arise during the case, and other parties have not had an opportunity to identify their concerns. The

identification of the potential issues contained in this report is based on staff’s review of the petition to amend and staff’s judgment of whether any of the following circumstances could occur:

- Potential significant impacts that may be difficult to mitigate;
- Potential areas of noncompliance with applicable laws, ordinances, regulations, or standards (LORS);
- Areas of conflict between the parties; or
- Areas where resolution may be difficult or may affect the schedule.

The following table lists all the PTA subject areas evaluated and notes those areas where potential major issues have been identified, the scope of analysis and whether requests will be/have been prepared. Although most technical areas are identified as having no potential issues, it does not mean that an issue will not arise in the future. In addition, disagreements regarding the appropriate conditions of certification may arise between staff and project owner that would require discussion at workshops and potentially during subsequent hearings.

Subject Area	Major Issues	Scope of Analysis	Data Requests
Air Quality	Yes	Prepare New Analysis of Proposed Changes –Staff will be preparing a full analysis to address the proposed project changes.	Yes
Alternatives	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.	No
Biological Resources	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.	No
Cultural Resources	No	Prepare New Analysis of Proposed Changes— intersection improvements, excavation of access into former Plains All American Tank Farm, update cumulative impacts analysis, ethnographic	Yes

Subject Area	Major Issues	Scope of Analysis	Data Requests
		setting, and any newly identified cultural resource(s)	
Efficiency and Reliability	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis.	No
Facility Design	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis.	No
Geological Hazards	No	Confirm adequacy of current analysis – Staff will evaluate the proposed modifications in the petition to amend against the current approved project to determine whether there is a change in impacts/mitigation between then and now.	No
Hazardous Materials Handling	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis.	No
Land Use	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.	No
Noise and Vibration	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis.	No
Paleontological Resources	No	Confirm adequacy of current analysis – Staff will evaluate the proposed modifications in the petition to amend against the current approved project to determine whether there is a change in impacts/mitigation between then and now.	No
Project Description	No	Prepare New Analysis of Proposed Changes – Staff will be preparing a full analysis to	No

Subject Area	Major Issues	Scope of Analysis	Data Requests
		address the proposed project changes.	
Public Health	No	Prepare New Analysis of Proposed Changes –Staff will be preparing a full analysis to address the proposed project changes, focusing on the updated human health risk assessment by HARP2.	No
Socioeconomics	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.	Yes
Soil and Water Resources	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.	No
Traffic and Transportation	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.	No
Transmission Line Safety & Nuisance	No	Update Current Analysis – Staff will look at the changes of capacity and layout since the project was approved and update certain areas of the analysis. Staff will also update the new findings regarding the health impact of electric and magnetic field (EMF) exposure.	No
Transmission System Engineering	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis. Example: cumulative impacts.	Yes
Visual Resources	No	Update Current Analysis – Staff will look at design changes since the project was approved and update certain	Yes

Subject Area	Major Issues	Scope of Analysis	Data Requests
		areas of the analysis. Example: cumulative impacts.	
Waste Management	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis.	No
Fire Protection & Worker Safety	No	Update Current Analysis – Staff will look at changes since the project was approved and update certain areas of the analysis.	No

This report will not limit the scope of staff’s analysis throughout this proceeding, but it acts to aid in the analysis of the potentially significant issues that the Huntington Beach Energy Project amendment proposal poses. The following discussion summarizes the potential major issues with Air Quality, identifies the parties needed to resolve the issues, and suggests a process for achieving resolution. At this time, staff does not see these potential issues as non-resolvable.

TECHNICAL AREA 1

Background and Major Issue

Air Quality

Energy Commission staff use the air district’s analysis as part of our applicable laws, ordinances, regulations or standards (LORS) analysis. The permit conditions specified in the Final Determination of Compliance (FDOC) from the South Coast Air Quality Management District (SCAQMD) will be included in staff’s final air quality analysis and conditions of certification for the Amended HBEP. Staff and SCAQMD will be working closely together to ensure that the Amended HBEP is appropriately conditioned consistent with federal and state air quality permit requirements.

The project owner submitted an application to the SCAQMD in September 2015. On September 30, 2015, SCAQMD deemed the application incomplete. The District determined that the information submitted in the application is insufficient for them to conduct an evaluation of the Amended HBEP. On October 13, 2015, the project owner sent responses to SCAQMD addressing all items identified as incomplete. SCAQMD’s rules allow up to 30 days to review this new information and for them to render another completeness determination. However, SCAQMD issued a second incompleteness letter on November 12, 2015, and the project owner submitted additional supplemental data on November 24, 2015. The current lack of completeness might ultimately cause some delay in the preparation of both the PDOC and FDOC. Since Energy Commission staff use the PDOC and FDOC from SCAQMD in their air quality analysis, the timing of

the availability of these documents may impact the proposed schedule for producing an Energy Commission final decision. Staff will make sure that the HBEP Committee is aware of any updates to air district timing that may impact the schedule.

ENVIRONMENTAL JUSTICE

Staff will review the impacts resulting from the construction and operation of the proposed amended project to determine if minority or low-income populations would be significantly or adversely impacted. Staff is working with the Hearing Officer and Public Adviser to ensure that adequate public outreach and noticing takes place for workshops and document availability.

PROJECT SCHEDULE

On the following page is staff's proposed schedule for the key events of the HBEP amendment proceeding. The schedule includes some proposed dates and the length of time in which analyses could be completed after certain information is provided. Staff recommends that a complete Preliminary Staff Assessment (PSA) be filed that includes the air district's Preliminary Determination of Compliance. A single complete PSA will provide for a single 30-day comment period on the PSA and a single PSA workshop. Meeting the proposed schedule will depend on: the petitioner's timely response to staff's data requests; determinations by other local, state and federal agencies; the submittal of required applications and approval of permits by federal agencies; and other factors not yet known.

STAFF'S PROPOSED SCHEDULE

Huntington Beach Energy Project Amendment - (12-AFC-02C)

ACTIVITY	DATE
Project Owner files Petition to Amend	9/9/15
Staff files Notice of Receipt	9/18/15
Committee assigned	10/14/15
Staff files Data Requests Set 1	11/13/15
Staff files Issues Identification Report	11/25/15
Project Owner provides data responses	12/3/15
Informational Hearing / Site Visit	12/8/15
Data Response Workshop #1	12/8/15
Parties file Status Report #1	12/21/15
AIR DISTRICT Issues Preliminary Determination of Compliance (PDOC)	TBD
Preliminary Staff Assessment filed	PDOC+30 days
Parties file Status Report #2	TBD
Preliminary Staff Assessment Workshop	PSA+14 days
AIR DISTRICT District Issues Final Determination of Compliance (FDOC)	PDOC+60 days
Final Staff Assessment filed	PSA + 60 days
Prehearing Conference	TBD
Evidentiary hearings	TBD
Presiding Member's Proposed Decision (PMPD)	TBD
Committee Hearing on PMPD	TBD
Addendum/Revised PMPD (if necessary)	TBD
Energy Commission Decision	TBD