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CALIFORNIA ENERGY COMMISSION

In the Matter of:)
) Docket 12-AFC-02C
 Huntington Beach Energy Project)
 -----)

COMMITTEE STATUS CONFERENCE
 HUNTINGTON BEACH ENERGY
 PROPOSED AMENDMENTS

CALIFORNIA ENERGY COMMISSION
 1516 Ninth Street
 First Floor, Charles Imbrecht Hearing Room
 Sacramento, California

TUESDAY, FEBRUARY 16, 2016
 1:00 P.M.

Reported by
 Susan Palmer

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Melissa Foster, Attorney

Steven O'Kane, AES Southland

Jerry Salamy, CH2M Hill Consultant

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1 P R O C E E D I N G S

2 FEBRUARY 16, 2016 1:00 P.M.

3 COMMISSIONER DOUGLAS: The Committee of the
4 California Energy Commission regarding proposed
5 amendments to the Huntington Beach Energy Project.
6 I'm Karen Douglas, I'm the Presiding -- I'm the
7 Associate Member. Commissioner McAllister, the
8 Presiding Member, is not here today, but his adviser,
9 Patrick Saxton, is here.

10 To my right is our Hearing Adviser, Susan
11 Cochran. And then to my left are my advisers,
12 Jennifer Nelson and Le-Quyen Nguyen. Kristy Chew is
13 here, she's a technical adviser to the Commission on
14 siting matters. And I see Shawn here from the Public
15 Adviser's Office. Thank you, Shawn.

16 With that, let me ask the parties to
17 introduce themselves and their representatives,
18 starting with the petitioner.

19 MS. FOSTER: Good afternoon. Melissa Foster
20 with Stoel Rives, outside counsel for the project
21 owner.

22 MR. O'KANE: Steven O'Kane with AES
23 Southland Development, the applicant. And with us is
24 our consultant, Jerry Salamy, CH2M Hill.

25 COMMISSIONER DOUGLAS: Great, thank you.

1 Staff.

2 MR. HEISER: John Heiser, Project Manager,
3 with the petition to amend, with the Energy
4 Commission.

5 COMMISSIONER DOUGLAS: All right. Thank you
6 very much. Are there any representatives of public
7 agencies, state, federal, local government, tribal
8 governments, here or on the phone? All right, sounds
9 like there are none.

10 So with that, I'll turn this over to the
11 hearing adviser.

12 MS. COCHRAN: Thank you so much. On December
13 8, 2015, the Committee held an informational hearing,
14 environmental scoping meeting and site visit at
15 Huntington Beach. At that time the Committee and the
16 public reviewed the general parameters of the
17 processing of a petition to amend that had been
18 brought by AES Southland LLC. I'm going to refer to
19 them as either AES or the petitioner for the rest of
20 this time.

21 AES is seeking permission to amend the
22 previous license granted to AES for the Huntington
23 Beach Energy Project. That original license was
24 granted in October of 2014 and can be found in the
25 Energy Commission's E docketing system with a

1 transaction number of 203309.

2 The petition proposes to reduce the nominal
3 generation capacity of the project from 939 megawatts
4 to 844 megawatts. That 844 megawatts is made up of
5 644 megawatts generated from combined cycle
6 technology and 200 megawatts from simple cycle
7 technologies. And I'm going to refer to that as the
8 amended project.

9 The project site is located in the city of
10 Huntington Beach just north of the intersection of
11 Pacific Coast Highway and Newland Street. The project
12 would be located entirely within the footprint of the
13 existing AES Huntington Beach generating station and
14 operating power plant.

15 On January 14, 2016, the Committee docketed
16 a scheduling order setting this status conference and
17 other milestones for this project. The scheduling
18 order required, among other things, the filing of
19 status reports on the 1st of each month.

20 At this point the Committee and I would like
21 to thank you all, and South Coast Air Quality
22 Management District, for their timely filings of
23 their status reports. That helps us make sure that
24 things are on track.

25 During the site visit and in the schedule in

1 the February 1st status report several issues were
2 identified that may impact the timely processing of
3 the petition, and so what I'd like to do at this
4 point is sort of go through some of those, talk about
5 them a little bit, and see how the schedule is
6 progressing and if we are on track.

7 Currently, the schedule requires publication
8 of a preliminary staff assessment in mid to late
9 April of this year.

10 According to the District's February 1st
11 status report, it is on target to complete the
12 preliminary determination of compliance by April 1st
13 as set forth in the scheduling order.

14 Under the scheduling order, as I said, the
15 preliminary staff assessment is to be issued on April
16 22nd, 2016, about three weeks after the PDOC,
17 preliminary determination of compliance, is issued by
18 the District.

19 Staff's February 1st status report indicates
20 that prior processing schedules issued by committees
21 have given staff 30 to 45 days to finalize the PSA
22 after the PDOC is issued. However, in AES in its
23 status report, which is at TN-210109, has asked that
24 the Committee, instead of having a very specific
25 deadline of April 22nd, create a schedule that

1 essentially says that the PSA, the preliminary staff
2 assessment, will be due ten days after the filing of
3 the PDOC, whenever that may occur.

4 Is that the applicant's continuing position?

5 MS. FOSTER: Yes, that is correct.

6 MS. COCHRAN: Okay. So from staff, you've
7 heard them say you've been 30 to 45 days, they've
8 been ten days. Can we talk a little bit about what
9 the timing is? Is there any give in the schedule?

10 The current schedule would be about three
11 weeks. Does three weeks still work?

12 MR. HEISER: John Heiser, Project Manager.
13 Can we meet the deadline proposed by the applicant
14 after the PDOC is released? That is determined by our
15 scheduling requirements for other projects that are
16 being worked on right now.

17 And we have a draft schedule to submit
18 technical sections by the 26th of this month, so we
19 will start working on the PSA. We'll try to meet that
20 deadline, however, we still require 30 days at least
21 for internal review and coordination efforts.

22 MS. COCHRAN: I don't see anyone from the
23 Air District on the phone. I guess the question I
24 would have is, does anyone have any updated
25 information?

1 MR. DAVIS: The issue with the PDOC is that
2 many of the conditions in our quality section come
3 from the PDOC. Staff has been in touch with the
4 District asking if we could get draft conditions, and
5 therefore have to make fewer adjustments once we
6 receive the PDOC. To my knowledge we've not yet
7 gotten a response from the District either yes or no.
8 So that's the main stumbling block, if you will, is
9 just getting all those conditions.

10 MS. COCHRAN: And for the record could you
11 identify yourself.

12 MR. DAVIS: Sorry. I'm Chris Davis, Siting
13 Office Manager.

14 MS. COCHRAN: Applicant do you have any
15 response, or have you heard anything else from the
16 Air District?

17 MR. O'KANE: Yes. In conversation with them
18 -- and it's too bad they're not on -- but that PDOC
19 is imminently ready to be released, so we fully
20 expect it to be submitted by March the 1st.
21 Therefore, we definitely would like to move that
22 schedule up.

23 We'd like some assurance from staff that the
24 other sections are ready and we're not just waiting
25 for the PDOC to write many other sections that don't

1 rely on that.

2 Certainly if that PDOC is by March 1st, we'd
3 like to see that PSA out by April 1st.

4 MS. COCHRAN: So that I'm clear, then does
5 the three weeks that's in the existing schedule work
6 so that if we created a floating deadline as opposed
7 to an absolute deadline, so three weeks after the
8 preliminary determination of compliance is filed, if
9 staff then had three weeks to issue its preliminary
10 staff assessment, is that acceptable to the
11 applicant?

12 MS. FOSTER: Yes. Petitioner responds three
13 weeks from the PDOC publication.

14 MS. COCHRAN: Okay. Can staff work with the
15 three weeks or does it still think it needs the 30 to
16 45 days? I understand about receiving the conditions.

17 MR. HEISER: Yes, we can work with that.

18 MS. COCHRAN: Okay, so three weeks?

19 MR. HEISER: Yes.

20 MS. COCHRAN: Thank you very much.

21 Moving on to my next topic, which is the
22 City of Huntington Beach. In the original proceedings
23 the City was interested and involved. In fact, they
24 sort of bought off on the initial visual
25 enhancements, including the surf boards. And in fact,

1 the City adopted a resolution and essentially said
2 that it would have granted the variance, which was
3 very helpful for our findings.

4 During the environmental meeting site visit
5 in December, the City said that they were looking at
6 a March/April deadline to provide additional
7 feedback. Do we know what the timing of that is?

8 MR. O'KANE: Yeah. Timing is essentially
9 still the same, the schedule is still the same.
10 Latest architectural designs have been submitted to
11 the staff.

12 The scheduled plan right now is to be on the
13 agenda for the March 10th City of Huntington Beach
14 Design Review Board meeting. That has not been
15 agendized yet but that is the plan, at which point
16 the result of that meeting then should be able to
17 provide more specific timeline for this group.

18 Hopefully, that would mean March 10th Design
19 Review Board and then a month later City Council and
20 a revised resolution.

21 MS. COCHRAN: Okay. So that would be in
22 early April?

23 MR. O'KANE: Correct.

24 MS. COCHRAN: Staff, are you anticipating
25 having the work from the City of Huntington Beach as

1 part of your preliminary staff assessment?

2 MR. HEISER: Yes, we are.

3 MS. COCHRAN: And what in specific are you
4 looking for from the City?

5 MR. HEISER: At least their direction as far
6 as their okay with the submitted application for
7 consideration.

8 MS. COCHRAN: And in the absence of
9 receiving that, what would happen?

10 Let's say we set a schedule that now says
11 that the preliminary staff assessment is due three
12 weeks after the preliminary determination of
13 compliance is issued by the Air Quality District. How
14 does that timing dovetail with what you're expecting
15 from the City?

16 MR. HEISER: Again, if that's the case, the
17 document will still be published, however, probably
18 with additional conditions coordinated with the City
19 for their (inaudible) until the FSA. So by a certain
20 time between the PSA and FSA as far as conditions
21 being met.

22 MS. COCHRAN: Okay. I'm a little confused,
23 and this is directed more to the applicant and
24 perhaps you can give me some more clarity.

25 I read the filing that was made, I think it

1 was last Thursday or Friday regarding the activities
2 with the coastal development permit and the tank
3 farm.

4 Now, the project now includes using the
5 neighboring tank farm that has an existing coastal
6 development permit for construction staging and
7 construction worker parking. I'm interested in
8 hearing more about the comment in the cover letter to
9 the report from the 10th that talks about where you
10 say that the project owner does not seek to include
11 the work covered by the coastal development permit
12 and its attending environmental document in the CEC
13 license, and that none of the work contemplated is
14 included in the scope of the petition to amend.

15 I'm trying to follow along how this is all
16 supposed to work together if the work under the
17 coastal development permit is necessary to provide
18 the place and space for workers and materiel needed
19 for the construction, so if you could give me a
20 little bit more on that.

21 MS. FOSTER: This is Melissa Foster. Thank
22 you, I appreciate that question.

23 The filing of the document on February 10th
24 was essentially a follow-up to the City's November
25 20th comments, and in those comments the City

1 requested that all of the conditions from the
2 existing coastal development permit that covers the
3 plain site be included in the PTA analysis done by
4 CEC staff. And project owner just wanted to clarify
5 that they do not seek to bring in what's covered by
6 the CDP under the CEC jurisdiction.

7 The CDP is very specific in what it covers.
8 It relates to removal of the tanks at the plain site,
9 some above ground piping, and grading the site.

10 What the PTA contemplates is any additional
11 work required to ready the plain site for use as
12 construction worker parking and lay-down area. Part
13 of that additional work, for example, is the new
14 intersection and some additional parking in the front
15 for displaced parking off of the street.

16 So we just wanted to clarify that we do not
17 believe it is appropriate to carry over the
18 conditions from the CDP into the Energy Commission
19 approval as the jurisdiction of the CDP and the plain
20 site as it relates to removal of the tanks, above-
21 ground appurtenances and site grading will belong
22 with the City.

23 MS. COCHRAN: Okay. And is that the
24 intersection at Magnolia and Banning Avenue, or is
25 it --

1 MS. FOSTER: That is correct.

2 MS. COCHRAN: Because there's another place
3 where it's mentioned as Magnolia and Bermuda. Is
4 that --

5 MS. FOSTER: That must have been a
6 typographical error. Magnolia and Banning is where
7 the new intersection will be, and that filing did
8 provide additional details related to that new
9 intersection.

10 MS. COCHRAN: Okay. So are the intersection
11 improvements at Magnolia and Banning identified as
12 mitigation measures under the coastal development
13 permit?

14 MS. FOSTER: It is my understanding that
15 that is in no way contemplated by the CDP. That is a
16 new proposed action by the project owner to ready
17 that site for use as construction worker parking and
18 lay-down area, and is therefore required by the HBEP
19 amendment.

20 MS. COCHRAN: Okay.

21 MS. FOSTER: It has not undergone any
22 environmental review and that would be under the
23 jurisdiction of the CEC.

24 MS. COCHRAN: Okay. So is any of the work at
25 the Magnolia Street/Banning Avenue intersection

1 contemplated in any of the existing City documents,
2 like the General Plan or the circulation element or
3 anything like that?

4 MS. FOSTER: No, not to our knowledge.

5 MS. COCHRAN: Okay. So then any of the
6 things that are identified, then, as like restoration
7 of the intersection would be part of the Commission's
8 decision and would be under CEC jurisdiction, not
9 under the jurisdiction of the City.

10 MS. FOSTER: Mr. O'Kane may be able to speak
11 to this as well, but the HBEP PTA proposes to develop
12 this new intersection for temporary use as
13 construction access to the site. If the City wishes
14 for the intersection to remain in the future, that
15 would be handled down the road as a separate City
16 permitting environmental.

17 MS. COCHRAN: Okay. So it is temporary only.
18 Okay.

19 On the bottom of page 3 -- and we're still
20 talking about the February 11th response to the
21 comments, which is TN-210262, there is mention of
22 submittal, and you had suggested a specific condition
23 of certification, I believe.

24 What I didn't see in there was anything
25 about the timing of that for the submittal, approval,

1 and ultimate construction of the improvements. It
2 talks about the need to do that but I didn't see any
3 sort of verification.

4 MS. FOSTER: We're happy to revisit that and
5 docket a verification of the timing, but that is
6 something that would have to happen down the road.

7 MS. COCHRAN: Okay.

8 MR. O'KANE: It is contemplated as post
9 approval, pre mobilization.

10 MS. COCHRAN: Well, I figured it was post
11 approval. It was more in the nature -- and sometimes
12 I don't expect answers today. This is more in the
13 nature of I want to make sure that everybody
14 understands what I'm going to be looking for as we're
15 moving forward on behalf of the committee to make
16 sure that we have addressed all of the issues that
17 may be presented by the petition to amend.

18 MR. O'KANE: So there is some parallel work
19 to be done with the City for that improvement and
20 encroachment permits, traffic plans and
21 modifications. That work still needs to be submitted
22 and done with the City, do that in parallel, and then
23 post approval of CEC we can provide that information
24 and the City can issue their approval.

25 MS. COCHRAN: Okay. Thank you.

1 I also note -- and staff, if at any time you
2 want to jump in and say we're going to need more time
3 for this or that's not what we understood, feel free
4 to just -- Mr. Heiser.

5 MR. HEISER: Well, actually, one of the
6 staff planners at the City happened to actually email
7 me today about access to the tank farm issue.

8 MS. COCHRAN: That they wanted access or --

9 MR. HEISER: No, do they need to get
10 authorization from the current land owner.

11 MS. COCHRAN: Okay.

12 MR. HEISER: So there is an unresolved issue
13 that we need to look into.

14 MS. COCHRAN: Okay.

15 MR. O'KANE: Yeah, I thought that would be
16 kind of an obvious thing. So if they want to see
17 proof of a lease, then that would be part of ongoing
18 discussions, right.

19 Helps to clarify a little bit about that CDP
20 too, right?

21 MS. COCHRAN: Right.

22 MR. O'KANE: I mean, it's not our property,
23 it's not -- I mean, you can't emburden them and the
24 Energy Commission if we don't end up agreeing to
25 terms, right. So they came to us with a site and

1 said, hey, I'm going to have no tanks and no
2 equipment on it, might be good for you.

3 MS. COCHRAN: There is some discussion of
4 the need, or lack thereof, for the cumulative impacts
5 analysis regarding the ASCON landfill. And this is
6 more directed to staff.

7 Under the existing license, I'm trying to
8 recall if the applicant is currently precluded from
9 using Beach Boulevard and Brookhurst Street for
10 construction-related traffic. You probably don't know
11 off the top of your head, but that might be something
12 to look at as you're reviewing this issue for the
13 cumulative impacts analysis.

14 And I guess you can tell by the way that I
15 look at these things that all of this underscores the
16 need for a clearer discussion and analysis in both
17 the PSA and FSA about how the coastal development
18 permit works with the Commission's integrated
19 permitting jurisdiction. And I saw potential issues
20 in land use, traffic and transportation, maybe
21 socioeconomics, growth inducement, for example, if
22 these temporary traffic improvements remove an
23 impediment to growth, is there something else that we
24 need to be looking at.

25 There may be others that I haven't thought

1 about, but just, I guess, be on the lookout for those
2 types of things as we're moving forward.

3 The third topic I wanted to talk about --
4 and I see we still have the same players that we had
5 before -- is the California Coastal Commission.

6 Previously the Coastal Commission had
7 submitted a report. Do we know if it is planning to
8 do something that formal again and what the timing of
9 that might be? Especially with changes in leadership
10 at the Coastal Commission?

11 MR. BELL: Yeah, we're familiar with the
12 leadership issues they have at the Coastal
13 Commission, but we're unaware of the extent to which
14 the Coastal Commission is going to be participating.
15 They haven't contacted us in that regard, although
16 they are aware of the proceeding, but they have been
17 contacted by us.

18 MS. COCHRAN: I had heard that there was
19 some attempts to schedule something for bio
20 resources, but I didn't know what the status of that
21 was, whether that was --

22 MR. HEISER: Bio staff will be, I believe on
23 the 18th of this month, going down for a site visit.

24 MS. COCHRAN: Okay. With the Coastal
25 Commission?

1 MR. HEISER: They reached out to the Coastal
2 Commission and had not heard back that they
3 responded.

4 MS. COCHRAN: Okay. So basically what I'm
5 hearing is that there's pretty much radio silence
6 from the Coastal Commission at this point. Okay.

7 The next topic I wanted to talk about was
8 synchronous condensers and clutches, because during
9 the site visit we had talked about the potential
10 addition of clutch technology based on the California
11 ISO's letter dated November 23rd, 2015. While that
12 letter was addressed to CPUC, it was copied to the
13 CEC and we included it in this proceeding.

14 Is there any update on the inclusion of this
15 technology in the project? I know that Mr. O'Kane
16 talked in depth with Commissioner McAllister at that
17 point, but I guess the questions that are still
18 lingering are what are the opportunities or
19 constraints to ensure that this facility is designed
20 to allow for later inclusion of such technologies if
21 the need arises, and is it likely that the amended
22 project would be requested to deliver reactive power
23 with that simultaneous delivery of real power?

24 MR. O'KANE: Okay, I'll address it again. I
25 got to make it clear, and we can maybe pass on to the

1 colleagues too because this is going to apply to the
2 Alamitos facility.

3 MS. COCHRAN: Okay.

4 MR. O'KANE: But there is no possible option
5 for putting in synchronous condensers and clutches in
6 the combined cycle units. These are now fully
7 procured, fully designed, purchased units per the
8 CPUC's procurement plan and our customer's needs.
9 There is no commercially available technology that
10 would allow that.

11 Putting in a clutch really means cutting the
12 rotor between the gas turbine and the generator and
13 installing a piece of equipment. That voids
14 warranties. Our lenders wouldn't allow us to cut open
15 a \$700 million machine and do such a thing. And then,
16 frankly, it wouldn't be the most cost effective way
17 to do it.

18 If you wanted to think about synchronous
19 condensers in the future, I have literally dozens of
20 surplus generators ready to be converted and which
21 we've done already for the State of California. It
22 would be a much more cost effective option.

23 So the combined cycle units there will be no
24 -- there is no feasible way for us to install that
25 kind of technology. Perhaps in the future for the

1 simple cycles, if it's part of the upfront
2 procurement, it's part of the design options that we
3 go up to look for from vendors, they could provide a
4 design and warrant a design that we could install.
5 And we certainly have the opportunity and time to do
6 that before that second phase of the project gets
7 under construction.

8 MS. COCHRAN: Okay. Staff, did you have
9 anything you wanted to add?

10 MR. HEISER: No.

11 MS. COCHRAN: The last topic I wanted to
12 talk about -- and this is directed more to staff --
13 is environmental justice.

14 I know in the identification of issues
15 issued before the site visit staff indicated that
16 environmental justice was one of those topics that
17 might be an issue in the preparation of the staff
18 assessment. Is that still the case? And if so, can
19 you give me a little bit more about that, because I'm
20 struggling to see how in the year and a half since
21 the original license was granted something's changed
22 on the environmental justice given that there's not
23 been another census.

24 MR. BELL: Any time we do a staff analysis
25 to a license application, environmental justice is

1 something that staff always look at. I assure your
2 lack of knowledge as to any census that's been done,
3 but if it was an identifiable environmental justice
4 population and if there were unmitigated impacts to
5 that population based on the changes proposed by the
6 project, that's something that you would hear from
7 staff. But as of right now I don't see that
8 highlighted as a major issue in the case.

9 MS. COCHRAN: At this point we're going to
10 turn to the public comment portion of the agenda. I
11 don't see Mr. Pittard waving blue cards furiously at
12 me for people who want to speak. So that brings us to
13 the adjournment.

14 Do you have any comments you wanted to make?

15 COMMISSIONER DOUGLAS: No, no comments. I
16 thought this was helpful and I'm just looking forward
17 to continuing to hear from all the parties and work
18 with all of you and keep this on schedule.

19 So with that, we'll adjourn. Thank you.

20 MS. COCHRAN: Thank you.

21 (Adjourned at 1:32 p.m.)

22 --o0o--

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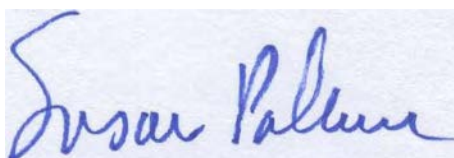
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REPORTER' S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of February 2016.



Susan Palmer Certified

Reporter

CERT 0012

TRANSCRIBER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of February, 2016.



Terri Harper
Certified Transcriber
AAERT No. CET**D-709