

Memorandum

Date : January 14, 2003
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To: John L. Geesman, Commissioner and Committee Presiding Member
Arthur H. Rosenfeld, Ph.D., Commissioner and Committee Associate Member

From: California Energy Commission - Matt Trask
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Subject: **PICO POWER PROJECT (02-AFC-3) STATUS REPORT NO. 1**

Staff has prepared the following status report to inform the Committee of the progress of the Pico Power Project (PPP) case. Since the Staff's Issue Identification Report was filed on December 6, 2002, we have become aware of some additional issues that could delay the release of the Staff Assessment (SA) for this 6-month proceeding.

ISSUES

AIR QUALITY

The Bay Area Air Quality Management District has indicated that there will be a delay in releasing its Preliminary Determination of Compliance (PDOC) for the PPP because of concern over the appropriate Best Available Control Technology (BACT) levels for oxides of nitrogen (NO_x) and carbon monoxide (CO) that should be applied to this project. The Applicant has specified a level of 2.5 ppm for these two pollutants, while the U.S. Environmental Protection Agency and the Air District have recommended a BACT level of 2.0 ppm in past siting cases. The district is reportedly working with US EPA Region 9 in San Francisco to determine the appropriate BACT and commissioning levels for the project.

Ken Lim of the District reported that because of a staff shortage and the need to examine major issues such as the appropriate BACT level, he cannot make the Commission's desired submittal date of January 26. The District is currently severely understaffed, having recently lost two of their three senior engineers working on power plant permitting, and Mr. Lim was only recently reassigned to the District's Permitting Services division after working in other areas of the district. He hopes to file the PDOC by February 17.

BIOLOGICAL RESOURCES

Staff is examining the issue of appropriate modeling to determine the potential impact of project operations on certain plant and animal species caused by nitrogen deposition on serpentine soils. Staff scheduled a data response workshop on January 14 to discuss the issue with the applicant and with other governmental agencies involved in the process, such as the US Fish & Wildlife Service and the California Department of Fish and Game. Modeling the potential impacts and determining appropriate mitigation

appears to be one of the few difficult aspects of the project, and therefore does offer some potential for delay.

SOIL AND WATER RESOURCES

We have issued a second round of data requests to the applicant to obtain information about any abandoned or contaminated water wells in the area to assess whether the pumping from the proposed industrial water well on the project site would create an impact. Staff does not anticipate that this issue will create significant delay in the proceeding, since the information should be reasonably available to the applicant.

TRAFFIC & TRANSPORTATION

Staff has determined that especially during construction, project-related traffic could further exacerbate an unacceptable level of service on a nearby major traffic artery, which is already operating a Level of Service F. Staff has contacted the City of Santa Clara's Public Works Department to inquire about the potential to upgrade a critical intersection by adding signalization, and found that the Department is examining the issue and intends to issue a report as to the need and schedule for installing signals at the intersection. Though Staff can recommend a Condition of Certification that would require project-related traffic to use an alternate route that would avoid the intersection mentioned above, Staff also desires to obtain the City's pending report and assess whether the intersection would be upgraded in time to make the above Condition of Compliance unnecessary. Again, Staff feels this issue is not likely to delay the proceeding, since the information needed will likely be available within the time frame that is defined by receipt of the PDOC from the Air District.

SCHEDULE

Providing that the new information submitted to Staff by the Applicant does not trigger another round of data requests and responses, Staff expects to file its SA within 2-3 weeks after the last critical information is received. Staff would conduct its first Staff Assessment Workshop approximately 10 days after the SA is released. Staff proposes to complete any needed addendum to the Staff Assessment 35 days after the SA is published, if all critical information items needed to complete any additional analysis have been received; otherwise the addendum will be completed within 2-3 weeks from receipt of all additional critical information items.

This schedule allows sufficient time for staff to conduct SA workshops in coordination with the City and other interested agencies, for staff to receive final determinations from local, state, and federal agencies, and to receive critical information from the applicant. However, delays in submissions by the applicant or the appropriate local, state, or federal agencies could result in delays in the schedule. Critical path items for release of the SA and Addendum include resolution of the nitrogen deposition issues, determination of the appropriate BACT level and acceptance of those levels by the Applicant, and release of the Preliminary and Final Determination of Compliance by the Air District.

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