

*State of California The Resources Agency of California*

## **M e m o r a n d u m**

To: John L. Geesman, Commissioner, Presiding Member  
William J. Keese, Chairman, Associate Member

Date : March 24, 2003

Telephone: (916) 651-8835

From : **California Energy Commission** - Bob Eller, Project Manager  
1516 Ninth Street  
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Subject: **PALOMAR ENERGY PROJECT (01-AFC-24) – ADDENDUM #2 TO STAFF ASSESSMENT**

On March 7, 2003, staff filed an Addendum to its Staff Assessment in order to clarify the Conditions of Certification for several technical disciplines, including **Air Quality**. Staff has further reviewed Condition of Certification **AQ-SC10** and believes that additional clarification is needed to ensure that the Condition is complete.

The attached Condition replaces Condition of Certification **AQ-SC10** contained in staff's January 25, 2003, Final Staff Assessment and staff's March 7, 2003, Addendum to Staff Assessment.

Staff has coordinated this revision with the applicant who has agreed to the revised condition.

Attachment

# PALOMAR ENERGY PROJECT

(01-AFC-24)

## REVISION TO CONDITION OF CERTIFICATION

### AIR QUALITY

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**AQ-SC10** The project owner shall provide \$1.86 million, for programs of the San Diego County Air Pollution Control District to mitigate potential PM10 and PM10 precursor impacts in the region around the Palomar Energy Project. The payment shall be provided to the District, which will allocate the funds to programs expected to provide reductions in the specified area. The \$1.86 million payment includes an administration fee of no greater than ten percent to the District for costs to advertise, evaluate, contract and administer diesel source emission reduction projects.

The project owner shall provide the \$1.86 million in two installments. The first installment will be in the amount of \$1.57 million for projects and District costs, and will be submitted to the District no later than the date of delivery of the first combustion turbine to the project site. The project owner shall provide the remaining \$290,000 to the District no later than the date of surrendering the additional Emission Reduction Credits described in **AQ-49**.

The project owner shall demonstrate that a good faith effort has been made to develop an agreement with the District to include the following:

- 1) the District shall provide the project owner with a quarterly report that includes a description of the funded mitigation or contracted projects, the cost of each project, and estimated cost-effectiveness of the emission reduction projects;
- 2) for up to two years from the date of a payment by the project owner, the District will give first right of refusal to diesel source mitigation projects in the Escondido area;
- 3) the District shall actively pursue mitigation projects by advertising through its Carl Moyer Program, Lower Emission School Bus Program, and Vehicle Registration Fund Program, as well as working directly with projects that may be developed by the project owner or in the course of normal district business;
- 4) if, after two years from the date of payment, the District has been unable to identify sufficient projects to expend all fees paid, the project owner shall assist in identifying additional diesel source mitigation projects throughout the North San Diego County area; and
- 5) the District shall restrict use of fees paid to diesel source reduction projects in the North San Diego County area, only.

**Verification:** Copies of each payment transmitted and a record of the agreement with the District shall be provided to the CPM within 20 days after delivery of the each payment to the District. The project owner shall submit to the CPM, in a Quarterly Report, a summary of mitigation projects, costs, and cost effectiveness of emission reductions, as provided by the District.