



**Sacramento
Cogeneration
Authority**

P.O. Box 15830, Sacramento, CA 95852-1830

**DOCKET
93-AFC-2**

DATE MAY 25 1994

REC'D MAY 25 1994

SCA 94-102

Procter & Gamble Cogeneration Project

May 25, 1994

Mr. Jeffery Ogata
California Energy Commission
1516 Ninth Street, M.S. 14
Sacramento, CA 95814

**Re: Procter & Gamble PSA Condition EFF-1, Docket No.
93-AFC-2**

Dear Mr. Ogata:

As we discussed at the Procter & Gamble workshop last week, the Sacramento Cogeneration Authority (SCA) and the Sacramento Municipal Utility District (SMUD) recommend revising Condition EFF-1, on page 431 of the PSA, as follows:

~~The facility shall be operated in accordance with the requirements of Public Resources Code Section 25134.~~

Protocol:—The project owner shall maintain monthly records of; 1) fuel consumption in the three gas turbines and two HRSG duct burners (including startup and shutdown); 2) electrical energy produced by the cogeneration power plant and the simple cycle gas turbine generator; and 3) net thermal use derived from cogeneration steam. Based upon these records, the project owner shall annually prepare calculations of the operating standard and efficiency standard achieved by the plant, ~~showing how the plant meets the minimum required standards.~~

The purpose of the provisions we recommend deleting was to ensure that the project would continue to operate as a "cogeneration" facility, which until January 1, 1994, was necessary for a gas-fired project over 100 MW to qualify for exemption from the Notice of Intent (NOI) process. However, the 1993 Sher bill amended the Warren-Alquist Act to exempt competitively bid gas-fired plants under 300 MW from the NOI process, without operating as a cogeneration plant. Public Resources Code 25540.6 now provides, in pertinent part, as follows:

(a) Notwithstanding any other provision of law, no notice of intention is required, and

the commission shall issue its final decision on the application, as specified in Section 25523, within 12 months after the filing of the application for certification of the powerplant and related facility or facilities, or at any later time that is mutually agreed by the commission and the applicant, for any of the following:

(1) A thermal powerplant which will employ cogeneration technology, a thermal powerplant which is the result of a competitive solicitation or negotiation for new generation resources and will employ natural gas-fired technology, or a solar thermal powerplant. Such a facility may not exceed 300 megawatts unless the commission, by regulation, authorizes a greater capacity. . . .

(b) Projects exempted from the notice of intention requirement pursuant to paragraph (1), (4), or (5) of subdivision (a) shall include, in the application for certification, a discussion of the applicant's site selection criteria, any alternative sites that the applicant considered for the project, and the reasons why the applicant chose the proposed site. That discussion shall not be required for cogeneration projects at existing industrial sites. The commission may also accept an application for a noncogeneration project at an existing industrial site without requiring a discussion of site alternatives if the commission finds that the project has a strong relationship to the existing industrial site and that it is therefore reasonable not to analyze alternative sites for the project.

(Emphasis added.)

The Procter & Gamble AFC clearly contemplates that the project will be operated as a cogeneration plant. SMUD has signed final thermal host agreements with Procter & Gamble which were referenced and made part of the AFC filing. Moreover, many of the proposed PSA conditions contemplate construction and operation of the cogeneration plant as designed and proposed. SCA is not suggesting that any of those conditions or the project description be changed. What SCA is proposing is simply the elimination of a requirement that the project comply with Public Resources Code section 25134, since compliance with that statute is no longer required under the Warren-Alquist Act.

Under Public Resources Code section 25134, a project must meet two requirements to qualify as "cogeneration":

- 1) minimum 5 percent thermal use; and
- 2) minimum 42.5 percent energy efficiency.

Eliminating the requirement of complying with section 25134 would ensure that SCA does not have to undergo an extensive amendment or compliance process for the temporary failure of the project to comply with the 5 percent thermal use threshold. For example, if Procter & Gamble needs to shut down part of its operation and does not require steam for a temporary period, SCA should be able to continue to operate the project as a combined cycle project, irrespective of Procter & Gamble's steam requirements, so long as the project continues to meet all air quality and other safety and environmental requirements.

On the other hand, if Procter & Gamble were to shut down permanently, such that the project were a combined cycle project and no longer a cogeneration project, or if SCA were to substitute another thermal host, SCA would still be required to file an amendment for approval of that change because it would be significant change to the project description.

In conclusion, the Procter & Gamble project clearly falls under the rubric of the Sher bill amendment to Public Resources Code section 25540.6, and thus is eligible for exemption from the NOI without further discussion of project site alternatives, even if it did not operate as a cogeneration plant. We therefore propose deleting the portion of Condition EFF-1 that requires compliance with the definition of "cogeneration" in Public Resources Code section 25134.

If you have any questions or comments about this matter, please call me at 732-6121.

Sincerely,



Steven M. Cohn
Senior Attorney

cc: Presiding Member Sharpless
Hearing Officer Gefter
Service List for Docket No. 93-AFC-2
Ron Simms, Walsh
Rich Chapman, B&V

STATE OF CALIFORNIA

**State Resources Conservation
and Development Commission**

In the matter of:

) Docket No. 93-AFC-2
)

)
) Application for Certification
) of the Sacramento Cogeneration
) Authority's Procter & Gamble
) Cogeneration Project
)

) PROOF OF SERVICE
) (rev. 12/3/93)
)

PROOF OF SERVICE

I, Evangeline B. Parchamento, declare that on May 25, 1994, I deposited copies of the attached Procter & Gamble PSA Condition EFF-1, (Docket No. 93-AFC-2), in the United States mail at Sacramento, California, with first class postage thereon fully prepaid and addressed to the following:

APPLICANT

INTERESTED AGENCIES

Ms. Susan Strachan, Manager
Projects Permitting & Licensing
SMUD
Box 15830
Sacramento, CA 95852-1830

Richard Johnson
Division Chief
Sacramento Metro AQMD
8411 Jackson Road
Sacramento, CA 95826

Steve Cohn
Senior Attorney
SMUD
P.O. Box 15830
Sacramento, CA 95852-1830

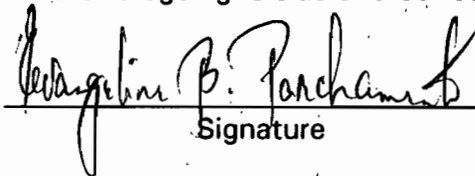
Ray Menebroker, Chief Project
Assessment Branch
Stationary Source Division
California Air Resources Board
P. O. Box 2815
Sacramento, CA 95814

Ed Schnabel
Sacramento Metropolitan Water District
5331 Walnut Avenue
Sacramento, CA 95841

CALIFORNIA ENERGY COMMISSION
(Docket Unit - 12 copies required)

Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814

I declare under penalty of perjury that the foregoing is true and correct.



Signature

Attachment