

Memorandum

Date : January 21, 2000

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To : David A. Rohy, Presiding Member
Robert A. Laurie, Associate Member

From : California Energy Commission - Eileen Allen
1516 Ninth Street Energy Commission Project Manager
Sacramento, CA 95814-5512

Subject : OTAY MESA GENERATING PROJECT STATUS REPORT 2
-- January 21, 2000

Data Requests - Staff issued a second set of data requests on December 3, 1999, on the topics of air quality and soil/water resources. Staff held a data request workshop on December 8, 1999. PG&E Generating responded on January 5, 2000. Staff will be holding a data response/issue workshop on January 27, 2000 in Chula Vista to discuss the air quality responses and related issues.

Schedule – The current Committee-directed schedule requests that the Preliminary Staff Assessment be completed and filed by March 21, 2000.

Air Quality

Staff believes that it can complete an air quality analysis by this date, assuming that the San Diego Air Pollution Control District issues a Preliminary Determination of Compliance in late February or early March as currently planned. The applicant has sent staff a draft copy of its letters to the California Air Resources Board (CARB) and the U.S. Environmental Protection Agency (EPA), regarding its proposed approach for obtaining mobile emission offsets. The applicant reports that the District has written an attachment to these letters describing how they intend to address the applicant's proposed mobile offset package. The applicant also reports that CARB and EPA plan to respond with concurrence and guidance letters by February 15, 2000. The applicant has also stated that some offsets have been purchased, and a larger quantity are in a due diligence review or contract negotiation stage.

Biological Resources

Staff has conferred with the U.S. Fish and Wildlife Service, which is working on the option of a Section 7 consultation with the U.S. Army Corps of Engineers to address the project's potential impacts on biological resources and corresponding mitigation options. Staff's ability to produce a complete analysis by March 21 is dependent on the timing of the Corps' and USFWS' actions. Staff is also concerned that using the proposed Lone Star Road wastewater line route suggested by San Diego County, would locate the line in a place that falls outside the area the applicant surveyed for sensitive biological resources. Additional spring surveys would be required, followed by the need to analyze potential biological impacts on this option and reach concurrence on agency oversight.

In addition to the above scheduling issue, staff is concerned about the potentially greater impact of the Lone Star Road option when it is compared to the applicant's proposed wastewater line route. The applicant's proposed route would involve temporary

construction impacts related to building an underground wastewater pipeline on an existing dirt road through Johnson Canyon, while the Lone Star Road option would appear to require building a one-mile segment of new road in a currently undeveloped area. Construction of such a new road would increase the amount of habitat permanently affected by the proposed project.

Potential Issues –

Local Infrastructure Needs

San Diego County's Public Works staff brought the Lone Star Road wastewater line route alternative to the attention of the applicant and staff during the November 16, 1999 data request workshop. The County staff believes that this option would better facilitate overall development of the East Otay Mesa area, which has an extremely minimal level of infrastructure now. Staff will be reviewing San Diego County's Environmental Impact Report (EIR) on its East Otay Mesa Specific Plan for development of the overall area. Staff will work with San Diego County's staff to assess whether potential growth inducement issues raised by the Lone Star Road option have been addressed sufficiently in the EIR on the East Otay Mesa Specific Plan.

In addition to the need for development of a wastewater treatment line, the East Otay Mesa area has other infrastructure needs which have been documented in a recent letter from the County Public Works Department, and a plan from the County's Rural Fire Protection District. The County Public Works staff noted in a January 10, 2000 letter, the need to improve an intersection near the site, and upgrade the existing Otay Mesa Road to be able to handle current and future levels of traffic more efficiently. The County also notes in its letter that if the Otay Mesa project is built before the construction of two planned state highways, State Route 125 and State Route 905, that the project would contribute to significant impacts to Otay Mesa Road and a related intersection. The County recommended that the applicant make a fair share contribution toward the improvements.

On January 18, 2000 staff obtained a copy of the San Diego County Rural Fire Protection District's January, 2000 "Fire Protection and Emergency Medical Services Delivery Plan to Address the Goals and Objectives Contained in the East Otay Mesa Comprehensive Plan". The Fire Protection District's Plan stated the need to fund and build a larger fire station in the area.

Staff has also talked with San Diego Gas & Electric (SDG&E) and SoCal Gas staff about the need for additional natural gas pipeline capacity in the East Otay Mesa area. Additional pipeline capacity will be needed in order to meet the planned needs of the expanded Rosarita power plant and the La Jovita plant in Mexico, the proposed Otay Mesa plant, and other gas customers in the San Diego region. Staff is concerned that without new pipeline capacity built before the Otay Mesa start-up date, the project may not have a reliable supply of natural gas.

Transmission

In its November 5, 1999, Issue Identification Report, staff discussed maintenance of transmission import capability as a potential issue. There appear to be several areas where an upgrade of transmission facilities would be appropriate in order to be able to continue importing power to the San Diego area. The applicant has recently reached an agreement with SDG&E on the scope of a Detailed Facilities Study, which SDG&E has begun. A key item will be determining which SDG&E system improvements, if any, would be linked to the Otay Mesa project. SDG&E's conclusions will be reviewed by the ISO with coordination from staff.

U.S./Mexico Border Coordination -On 1/19/00 staff received a letter from EPA Region IX regarding assessment of the project's potential impact on Mexican citizens, the related potential for environmental justice issues, and relevant international treaties and agreements. EPA's letter was a response to staff's letter of 9/27/99 seeking guidance on the appropriate approach to these areas. Staff is reviewing the various points raised in the EPA letter.

Comision Federal de Electricidad (CFE) Coordination - CFE staff is interested in a visit to the Sacramento/Folsom area sometime during the next few months. The purpose would be to see the Energy Commission, the Capitol, and the Cal-ISO operation. Eileen Allen will work with the Executive Office and Committee on details of an Energy Commission tour, coordinate with the Governor's Office staff regarding details of a Capitol tour, and coordinate with Larry Tobias of the Cal -ISO staff regarding a tour of the Folsom ISO facility.

cc: Otay Mesa Generating Project Proof of Service List
Stella Caldwell, San Diego County Department of Planning and Land Use
George Ream, San Diego County Public Works Department
Arthur Carbonell, San Diego Air Pollution Control District
GJon Hazard, U.S. Fish and Wildlife Service
David Lawhead, California Department of Fish and Game