

# Memorandum

Date : June 27, 2000

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To : Robert A. Laurie, Presiding Member  
Robert Pernell, Associate Member

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

Subject : OTAY MESA GENERATING PROJECT STATUS REPORT 6  
--June 27, 2000

**Schedule** – Energy Commission staff plans to file its Final Staff Assessment (FSA) on or before September 29, 2000.

## Air Quality

The San Diego Air Pollution Control District's (District) Preliminary Determination of Compliance (PDOC) was filed on June 20, 2000. Staff plans to file its air quality Preliminary Staff Assessment (PSA) on or before August 4, 2000. This filing will be followed by a PSA workshop focused on air quality and public health. When this workshop and a related public/agency comment period have been completed, staff will file an FSA which will include the air quality analysis.

Staff is continuing discussion with USEPA and the District on coordination options regarding the filing of the District's Final Determination of Compliance (FDOC) and the United States Fish and Wildlife Service's (USFWS) Biological Opinion. Similarly, staff is continuing discussions with the District's legal staff on the completion date for the District's California Environmental Quality Act (CEQA) review of its proposed Mobile Emission Reduction Credit (MERC) program.

## Biological Resources

On April 26, 2000, the applicant filed the Biological Assessment required by the USFWS. The applicant reports that during the week of June 26, 2000, it plans to file the draft Biological Resources Mitigation Implementation and Monitoring Plan (BRMIMP) required by the Commission, which incorporates material from the Biological Assessment. The applicant reports that it plans to file survey results for the endangered quino checkerspot butterfly and vernal pool fairy shrimp with the USFWS and the Commission during the week of June 26, 2000.

## Transmission System Engineering

Staff now has the information it needs to complete its FSA, in that San Diego Gas & Electric (SDG&E) filed its Facilities Study on May 9, 2000; the California Independent System Operator (Cal-ISO) filed comments on the Study on May 19, 2000; and SDG&E filed concurring comments on June 6, 2000. The Cal-ISO comments indicated that the Otay Mesa project would necessitate reconductoring the existing Miguel-Tijuana 230 kV line between a new substation to be built at the Otay Mesa plant and the Miguel substation. The Cal-ISO also noted that additional transmission system reinforcements would be needed due to conditions that existed before the Otay Mesa project was

proposed. The applicant would not be responsible for these additional system reinforcements.

Staff held a PSA workshop on June 22, 2000, which included discussion of its transmission system engineering analysis. Staff agreed to review a Commission study from the mid-1990s on potential transmission system engineering problems associated with SDG&E's proposed repowering/modernization of its South Bay power plant, and assess whether its conclusions will be relevant to the Otay Mesa project.<sup>1</sup>

## **Potential Issues –**

### Local Infrastructure Needs

San Diego County staff is continuing work on fair share formula determination for fire services. With respect to road improvements needed, there is general agreement among the applicant, County Public Works, Caltrans, and the Commission staff, that the intersection of State Route 905, and Old Otay Mesa Road will need to be improved. The challenge is timing related to the need for a design study, and agreement on cost allocation among all the developers in the East Otay Mesa Area. Given the possibility that this intersection improvement project might not be completed before the start of Otay Mesa project construction, the applicant is considering options for an alternate route for its construction workforce and construction related trucks. Staff will notice a public workshop to be held in July, 2000, to discuss these options.

Gas Pipeline Capacity –Staff discussed its analyses for the Reliability and Efficiency areas as they relate to gas pipeline capacity at a June 22, 2000 PSA workshop. The workshop participants generally agreed that the SDG&E gas pipeline system needs to be expanded to sufficiently meet gas demand from power plants. The largest gas demand intervals would be triggered by high electricity demand periods, which are going to come most often during summer heat waves. The gas delivery system has occasionally been insufficient during the last several years during high power demand periods, with the shortage remedied by use of fuel oil.

Substituting fuel oil for natural gas has been possible because the two existing power plants in the region, South Bay in Chula Vista, owned by Duke Energy, and Encina in Carlsbad, owned by NRG Energy, Inc., have dual fuel burning capability, which permits them to use gas, fuel oil, or a combination of the two. However, the oil burning option is problematic, in that it makes the regional air quality significantly worse, which has reached marginal levels for health already during extended heat wave periods. SDG&E is not averse to adding more pipeline capacity, but any pipeline projects would need to

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<sup>1</sup> After staff completed its study, SDG&E dropped its South Bay project, and the South Bay plant was subsequently sold to Duke Energy North America in 1998.

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be authorized by the California Public Utilities Commission (CPUC), and they would require several years for environmental review and construction.

The applicant and the owners of the South Bay and Encina facilities have each asked SDG&E for a firm gas supply contract. However, during periods of extremely high gas demand, each would be subject to a rotating curtailment scenario which has been established by the CPUC.

The above gas pipeline capacity situation has existed for several years, and the proposed Otay Mesa project would affect it to some extent, which is still undetermined. The Rosarito power plant complex in Baja California, which has a new unit under construction, and more capacity proposed, is also served by the SDG&E gas pipeline system. There is a possibility of a new pipeline being built, the proposed Baja Norte Pipeline, which would serve the Rosarito complex and possibly the Otay Mesa project, but its timing is uncertain. Staff will be scheduling and noticing a public workshop to be held in July to continue discussion of the gas pipeline supply situation, and options for avoiding or minimizing the rotating curtailment scenario. Counsel for Intervenor NRG Energy, Inc. reports that NRG plans to file some data requests on this topic. These data requests will be part of the agenda for the July workshop.

cc: Otay Mesa Generating Project Proof of Service List  
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George Ream, San Diego County Public Works Department  
Arthur Carbonell, San Diego Air Pollution Control District  
Gjon Hazard, U.S. Fish and Wildlife Service  
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David Wampler, U.S. Environmental Protection Agency  
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Kristen Aliotti, Office of California-Mexico Affairs, Trade & Commerce Agency  
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Paul Clanon, California Public Utilities Commission