

## DOCKETED

<b>Docket Number:</b>	08-AFC-09C
<b>Project Title:</b>	Palmdale Hybrid Power Project - Compliance
<b>TN #:</b>	201504
<b>Document Title:</b>	Letter from City of Lancaster re Emission Reduction Credits Transfer Approval
<b>Description:</b>	N/A
<b>Filer:</b>	Darlene Burgess
<b>Organization:</b>	City of Lancaster
<b>Submitter Role:</b>	Public Agency
<b>Submission Date:</b>	1/2/2014 10:28:09 AM
<b>Docketed Date:</b>	1/2/2014



R. Rex Parris	Mayor
Marvin E. Crist	Vice Mayor
Ronald D. Smith	Council Member
Ken Mann	Council Member
Sandra Johnson	Council Member
Mark V. Bozigian	City Manager

December 20, 2013

Commissioner Karen Douglas, J.D.  
California Energy Commission  
1516 Ninth Street, MS-31  
Sacramento, CA 95814

Dear Commissioner Douglas,

As you are aware, the City of Lancaster has stood in firm opposition to the power plant proposed by the City of Palmdale, known as the "Palmdale Hybrid Power Project" or simply the "Palmdale Power Plant" (PPP). On Tuesday, Dec. 17<sup>th</sup>, the Antelope Valley Air Quality Management District (AVAQMD) had the opportunity to weigh in on this issue, as the governing board was asked to approve the transfer of Emission Reduction Credits needed to proceed with the project.

As the plant's location is just 60 feet from the border between Lancaster and Palmdale and a significant majority (approximately 76%) of the sensitive receptors identified in the environmental documents are located in Lancaster, we as a City Council felt it was our duty to thoroughly research this project and share our findings with our citizens. Although a number of concerned residents, environmental groups, and community leaders expressed their opposition to the plant at Tuesday's meeting, the board voted 4-3 in favor of accepting the credits.

As I stated at Tuesday's meeting in my capacity as Chairman of the AVAQMD Board, our research has raised grave concerns regarding the validity of the ERCs the board voted to accept. The ERCs for Volatile Organic Compounds, which were approved for transfer from the San Joaquin Valley Air Pollution Control District, originated from the installation and operation of a so-called CO boiler to incinerate fluid coker exhaust at a refinery in Bakersfield. Although this change took place in 1977, the ERC certificate was not issued until 1989, and was done contrary to the input of both the EPA and the California Air Resources Board. As stated in a letter dated July 17, 1987 from the EPA:

"EPA will not recognize these reductions as valid offsets for any source wishing to purchase these ERCs for offsetting purposes." The letter concludes: "If the District issues the banking certificate to Texaco, any source which attempts to use these emission reductions as an offset may be subject to federal enforcement action."

It is these very credits that the board, in a highly contentious vote following the replacement less than 24 hours before the meeting of a 16-year member who had previously expressed opposition to the plant, voted to accept. Our research also indicates that the other ERCs which were approved for transfer are suspect, as they were generated by the federally-ordered shutdown of seven cement kilns and two boilers on May 16, 2008 at Riverside Cement's Victorville facility.

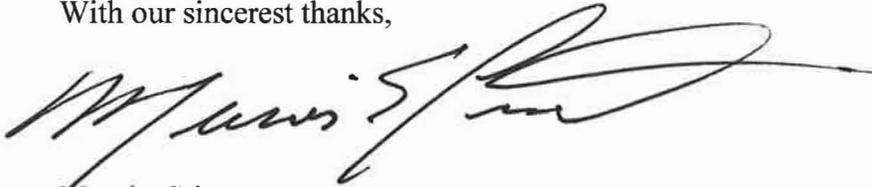
It was clear that the board relied heavily upon AVAQMD staff's recommendations and advice throughout Tuesday's meeting, with one board member in particular stating that he was basing his decision on staff advice. The staff repeatedly stated that it was not the board's responsibility to evaluate the validity of the ERCs or their potential impact on the Antelope Valley's air quality.

Still more perplexing, AVAQMD staff also repeatedly indicated that the California Energy Commission essentially had no say in the transfer of the air credits, and that consultation with your organization, the EPA, CARB, and other agencies was unnecessary.

The AVAQMD staff's recommendations and legal opinions strongly conflict with our understanding of the ERC transfer approval process. It was our impression that the CEC does indeed have the ability to weigh in regarding the validity of these air credits, and as your organization is the state's foremost governing body on energy and environmental issues, we would very much appreciate your expertise and opinion regarding this matter.

Would it be possible for the CEC to conduct an investigation into the ERCs the AVAQMD approved for transfer at Tuesday's meeting? As civic leaders and stewards of our community's environmental future, we would greatly appreciate your expert insight on this project, which will have a profound impact regarding our region's air quality for decades to come.

With our sincerest thanks,

A handwritten signature in black ink, appearing to read 'Marvin Crist', with a large, sweeping flourish extending to the right.

Marvin Crist  
Vice Mayor, City of Lancaster  
Chairman, AVAQMD Governing Board

CC:

- Gerardo Rios, Permits Chief, U.S. EPA Pacific Southwest, Region 9
- R. Rex Parris, Mayor, City of Lancaster
- Lancaster City Council Members

Attachments:

- July 17, 1987 letter from the EPA
- Memo from Dr. Petra Pless, D. Env., evaluating the validity of aforementioned ERCs and their transfer to the AVAQMD