

## DOCKETED

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<b>Project Title:</b>	Hanford Energy Park Peaker Project Compliance
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<b>Document Title:</b>	Motion Requesting Revocation of Amended License and Extension of Original License
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STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

IN THE MATTER OF:	)	DOCKET NOS. 01-EP-07; 01-EP-07C
	)	
HANFORD ENERGY PARK EMERGENCY	)	MOTION REQUESTING REVOCATION OF
PEAKER PROJECT; HANFORD COMBINED	)	AMENDED LICENSE AND EXTENSION
CYCLE POWER PROJECT	)	OF ORIGINAL LICENSE
	)	
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On May 10, 2001, the California Energy Commission (Commission) approved a license (Original License) for the Hanford Energy Park Emergency Peaker Project (01-EP-07), a 95-megawatt natural-gas fired simple-cycle peaking facility in Hanford, California (GWF Hanford Peaker). On March 24, 2010, the Commission approved an amendment (Amended License) allowing the conversion of the GWF Hanford Peaker to a combined-cycle facility known as the GWF Hanford Combined Cycle Power Project (01-EP-07C).

Based on changing market conditions, GWF Energy LLC (GWF) did not move forward with the combined-cycle conversion as expected. On May 21, 2013, GWF filed a motion requesting that the Commission adopt an order clarifying that the GWF Hanford Peaker could be operated in simple cycle mode indefinitely, and that GWF also retained the right to modify the GWF Hanford Peaker pursuant to the Amended License if required to meet future market demand. This request was never acted upon by the Commission.

GWF has now determined that it intends to continue operating the GWF Hanford Peaker in simple-cycle mode for the foreseeable future. Therefore, to avoid any confusion regarding the applicable license and conditions of certification, GWF hereby requests that the Commission revoke the Amended License and affirm the extension of the Original License for the life of the GWF Hanford Peaker. This request supersedes the request filed on May 21, 2013.

## **I. BACKGROUND**

### **A. Emergency Peaker License**

On January 17, 2001, Governor Gray Davis proclaimed a State of Emergency due to constraints on electricity supplies in California. The Governor declared that all reasonable conservation, allocation, and service restriction measures would not alleviate an energy supply emergency. As a result, the Governor issued Executive Orders D-22-01, D-24-01, D-25-01, D-26-01, and D-28-01 to expedite the permitting of peaking and renewable power plants that could be on line by September 30, 2001. The Governor also declared that these projects were emergency projects under Public Resources Code § 21080(b)(4) and were thereby exempt from the requirements of the California Environmental Quality Act.

Between March and June of 2001, 15 applications under the emergency peaker provisions were submitted. The application for the GWF Hanford Peaker was submitted on April 9, 2001. Of the 15 applications, four were withdrawn. Eleven projects were permitted, including the GWF Hanford Peaker, which was approved on May 10, 2001. Two of the approved projects were never built. The other nine power plants, including the GWF Hanford Peaker, were constructed and put into service. The GWF Hanford Peaker became operational on September 3, 2001.

All nine emergency peaker projects, including the GWF Hanford Peaker, contracted with the Department of Water Resources (DWR) for the sale of power. The Commission licenses for the projects were issued for the term of the power purchase agreements with DWR. The decisions approving the projects allowed extensions of the licenses if six criteria were met.<sup>1</sup> The language of the extension criteria for the GWF Hanford Peaker provides:

1. The project is permanent, rather than temporary or mobile in nature.
2. The project owner demonstrates site control.
3. The project owner has secured permanent Emission Reduction Credits (ERCs) approved by the San Joaquin Valley Unified Air Pollution Control District (Air District) and the California Air Resources Control Board (CARB). The ERCs must be adequate to fully offset project emissions for its projected run hours and must have been in place prior to the expiration of the temporary ERCs obtained from CARB if temporary ERCs were used for the initial operation of the project.
4. The project is in current compliance with all Commission permit conditions specified in the final decision.
5. The project is in current compliance with all conditions contained in the ATC permit from the Air District.

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<sup>1</sup> The language of the six criteria varied slightly for each project, but the general content was the same.

6. The project meets all Best Available Control Technology BACT requirements under Air District rules, as established in the ATC permit, and all CARB requirements.

The DWR contract for the GWF Hanford Peaker did not expire according to its terms. Instead, prior to the expiration date, the contract was novated and replaced by a power purchase agreement with PG&E for the output of the project in simple-cycle mode.

## **B. Combined-Cycle Amendment**

On October 1, 2008, GWF filed a petition to amend the license for the GWF Hanford Peaker to allow GWF to modify the project. The modification involved converting the existing simple-cycle peaker project to a combined-cycle power plant with a nominal 25 MW (net) of additional generating capacity. The project would retain the capability to operate in a simple-cycle configuration. New once-through steam generators would be installed to allow the plant to be operated in its current simple-cycle configuration with no steam generation but with the selective catalytic reduction (SCR) and oxidation catalyst in operation, or to operate as a combined-cycle power plant generating an additional 25 MW (net) of power with new proposed emission limits. The modified project would be known as the GWF Hanford Combined Cycle Power Project.

GWF sought the amendment to allow it to respond to anticipated market demand for combined-cycle power generation beyond the term of GWF's DWR contract. The amendment was approved by the Commission on March 24, 2010.

GWF began construction of the modified project in June 2011 based on a limited notice to proceed. However, the demand for additional combined-cycle generation did not materialize. Instead, the DWR contract was novated and replaced by a power purchase agreement with PG&E for continued simple-cycle generation, as discussed above. As a result, GWF suspended the conversion of the project and continues to operate the project in simple-cycle mode in compliance with its original license.

## **C. Extension of Emergency Peaker Licenses**

On February 23, 2012, Commission staff requested that the Commission adopt an order extending the certification and license for eight of the nine approved emergency peaker power projects, including: Wildflower Energy – Larkspur (01-EP-1C), Wildflower Energy – Indigo (01-EP-2C), Alliance Colton – Century (01-EP-4C), Alliance Colton – Drews (01-EP-5C), Calpine – King City (01-EP-6C), Calpine – Gilroy (01-EP-8C), Calpeak Power – Enterprise (01-EP-10C), and Calpeak Power – Border (01-EP-14C). At the time, the GWF Hanford Peaker was not included in the request because the Commission had already approved the combined-cycle conversion. The issuance of the Amended License for the GWF Peaker precluded the need to extend the Original License as was done for the other eight emergency peaker projects. On April 11, 2012, the Commission issued an Order extending the licenses for the other eight projects.

## II. REQUEST

Based on changing market conditions, GWF has determined that it intends to operate the GWF Hanford Peaker in simple-cycle mode for the foreseeable future. Therefore, to avoid possible confusion related to the applicable license and conditions of certification, GWF requests that the Commission revoke the Amended License and reinstate the Original License. In addition, since the Original License was not included in the April 11, 2012 Commission Order related to the other eight emergency peaker projects, but was instead extended via the Amended License, GWF requests that the Commission affirm that the Original License is extended for the life of the GWF Hanford Peaker notwithstanding revocation of the Amended License. GWF will continue to operate the GWF Hanford Peaker Project in compliance with the Original License as it has since the project came on line.

DATED: March 24, 2014

Respectfully submitted,

*/s/ Michael J. Carroll*

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