

DOCKETED

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Sierra Club support for Staff Motion to Terminate Proceedings for DOCKET NO. 07-AFC-02, DOCKET 05-AFC-03 AND DOCKET 08-AFC-6

Additional submitted attachment is included below.



To: San Gabriel, Sun Valley and Willow Pass AFC Committee

From: Sierra Club

Re: DOCKET NO. 07-AFC-02, DOCKET 05-AFC-03 AND DOCKET 08-AFC-6

Dear Commissioners Douglas and Scott;

Thank you for the opportunity to submit comments on the Applicants Request for Additional Suspension and the California Energy Commission (the “Commission”) Staff’s Motion to Terminate the Proceedings (“Staff Motion”) for San Gabriel Generating Station (07-AFC-02) (“San Gabriel”), Sun Valley Energy Project (05-AFC-03) (“Sun Valley”) and Willow Pass Generating Station (08-AFC-6) (“Willow Pass”). The Sierra Club fully supports the Staff Motion to terminate each project and opposes each of the applicants request for one additional twelve-month extension (“Applicants Extension Request”) for the reasons below:

1. Application is Stale: We agree with Commission staff that the information and data used to assess the environmental impacts for each project, and hence the environmental assessments, are now stale. The applications were deemed data adequate during a period ranging from eight years ago (San Gabriel), nine years ago (Sun Valley) and seven years ago (Willow Pass), and have long outlasted the certifications expiration dates. There have been significant changes in the intervening years, notably to the State’s water resources including the California Delta (one plant, Willow Pass, proposed using recycled Delta water). Each area has seen large amounts of new development; including other gas plants, fulfillment centers, housing and freight, each of which cause traffic and air quality impacts. In one case (Sun Valley) a location that was once an unincorporated area is now a city! In most instances these changes were unforeseen and not considered in the original environmental assessments, and certainly are not part of the environmental baseline, which as the Commission staff correctly identifies, relies on outdated information. Biological and cultural surveys are so stale that they are no longer accepted by state and federal agencies. Allowing the applicants to rely on the existing certifications—which contain inaccurate and outdated information—would thwart the public participation goals of the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq. If the applicants truly wish to develop these projects, they should diligently pursue new certifications based on current information and a proper baseline as required by CEQA.

2. Applicants have not complied with due diligence requirements: The Staff’s Motions correctly identifies the applicants have failed to comply with the due diligence obligations required per California Code of Regulations, Title 20, Section 1720.2. Indeed, the applicant for Willow Pass has not yet provided a human health risk assessment requested by Commission staff *seven years ago*.¹ The Commission has given the applicants ample time—including many years of discretionary suspensions--so that they can obtain power contracts, and in the case of San Gabriel and Sun Valley, obtain emission reduction credits. The fact that the applicants have not obtained power contracts point to two things—either they have not diligently pursued contract opportunities for these particular plants or there is no market need for gas plants at these locations.

3. The market for gas plants at these locations will not improve in twelve months: The applicants have each requested yet another twelve-month extension, arguing that market and policy changes in next twelve months could create contracting opportunities for the plants. This is highly unlikely, given that at this point in time California is moving more rapidly towards preferred resources than ever before, with proposed legislation calling for ambitious increases in carbon reductions and clean energy. It is doubtful that fossil plants that have been unsuccessful in obtaining power purchase agreements for the past seven years will suddenly seem marketable in the next twelve months. Additionally, any authorization which could potentially come out of California Public Utilities Commission (CPUC)s next Long-Term Procurement Process (LTPP) would not occur in the next twelve months. Specific issues to each plant’s marketability are discussed below:

A. Willow Pass: The applicant accurately notes there have been no procurement authorizations in the Greater Bay Area local resource area since 2008. This will almost certainly continue to be the case for the next twelve months, since the Greater Bay Area local resource area, and indeed all of Northern California, is over-powered. Although there could potentially be procurement authorizations for some types of resources in some locations in the next LTPP, no need has been identified which could trigger any near-term authorizations. Additionally, were there an authorization in the Greater Bay Area, in addition to a potential Oakley repowering, the *applicant’s own parent company* has a closed-cycle plant (Pittsburgh # Unit 7) adjacent to Willow Pass, which it has proposed to use for OTC Units #5 and #6 when it can obtain power purchase agreements.²

B. San Gabriel: During the years San Gabriel has lingered at the Commission, there have been numerous contracting opportunities for new gas-fired generation in Southern California, notably the 2012 LTPP Track 1 which allocated 1400-1800 MW of resources to Southern California Edison (SCE). SCE did in fact procure a significant amount of new gas-fired generation in the West LA Sub-Area/LA but notably, did not award a contract to San Gabriel.

The Applicant’s argument that recent changes in the Southern California market could lead to a contract for San Gabriel in the next twelve months is erroneous, because if there were a need for more gas-fired generation, it would not apply to San Gabriel.

² CAISO 2015-2016 Final Study Plan, Page 22.

In March 2014, CPUC adopted a decision in LTPP Track 4 authorizing a combination of preferred resources and gas fired generation, including 500-700 MW to SCE, which as the applicant correctly notes. SCE has proposed to primarily meet with preferred resources. The applicant argues that if these preferred resources do not provide reliability, the CPUC will need to rapidly authorize procurement of new gas, triggering a sudden need for permitted or nearly permitted gas plants. However, SCE's preferred resource program—their Preferred Resource Pilot (PRP)—is in fact meeting its milestones towards the goal of demonstrating the ability to acquire and deploy preferred resources to meet 2022 forecasted needs.³ Moreover, the PRP area—which is notably transmission constrained—is located entirely in Northern Orange County. San Gabriel, although located in the LA Basin, is not located in the Western LA Sub-Area, let alone located near the area of concern. Additionally, if the PRP is ultimately unsuccessful in avoiding or deferring the need for new gas generation (a determination which, would be made more than twelve months out) there are number of gas plants already moving forward in locations which would address reliability concerns. Moreover, although the applicant has argued that the San Gabriel would be uniquely situated to meet any near-term reliability concerns because it has completed permitting, as the Staff Motion correctly identifies, the environmental assessment is now stale and could not be relied on, and because key surveys are outdated and will not satisfy the requirements of other permitting agencies.

C. Sun Valley. Each of the arguments above regarding San Gabriel is equally true regarding Sun Valley, which is likewise located outside the West LA Basin Sub-Area and far from the transmission constrained area of northern Orange County. Sun Valley is located in an area with little reliability or energy concerns. Indeed, Sun Valley is proposed within a few miles of the Inland Empire Energy Center, a massive gas plant that came online only within the last 5-6 years. Riverside County is also the location of many current and proposed large-scale renewable energy projects

4. The availability of emission reduction credits for San Gabriel and Sun Valley will not improve in twelve months. The Commission has given the applicants ample time, including many years of discretionary extensions, for San Gabriel and Sun Valley to obtain emissions reduction credits. Although the applicant argues that reliability concerns in Southern California could provide a pathway for emissions reduction credits, neither San Gabriel nor Sun Valley appear to address these reliability concerns, which stem from the retirement of the San Onofre Generating Station and coastal OTC plants. Were the South Coast Air Quality Management District to grant emission reductions credits for gas plants in an already overburdened area, it stands to reason that these precious credits would be utilized for viable projects, with contracts, that address reliability concerns.

3. https://www.sce.com/wps/wcm/connect/3448ac27-7e28-4022-92e2-e61dcd4f446d/2015_PRPMidyearReport.pdf?MOD=AJPERES

The Sierra Club is particularly concerned with the air quality around San Gabriel, which is proposed on the site of the existing Etiwanda Generating Station, in one of the most polluted and overburdened areas in the entire state.⁴ San Bernardino County has the worst smog pollution in the nation and was ranked third in the nation for soot by the American Lung Association. From April to October 2013, this region suffered from 182 dirty air days when smog was at levels believed to endanger public health.⁵ Dirty air days increased in 193 in 2014.⁶ It is these kinds of statistics and impacts that has made it so difficult for the applicant--yet another polluter in one of the most overburdened communities in the state--to get emissions reductions credits for San Gabriel. It is also the reason the local community has recently organized to build awareness around the Etiwanda Generating Station.

In conclusion, because the certifications for each power plant relies on stale environmental review, and there are no changes in the power market or air credit emission system that would make these plants commercially viable within twelve months, we urge the Commission to adopt the Staff's Motion to terminate the proceedings for the San Gabriel, Willow Pass and Sun Valley Plants.

Thank you for your consideration and leadership on this important issue.



Sarah K. Friedman
Senior Campaign Representative
Sierra Club

⁴ As determined by California Office of Environmental Health Hazard Assessment's environmental justice screening tool.

⁵ EPA 2015a, <http://www.epa.gov/airdata>

⁶ EPA 2015a, <http://www.epa.gov/airdata>