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**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA**

Application for Certification for the
HIGH DESERT POWER PROJECT

Docket No. 97-AFC-1C

**PREHEARING CONFERENCE STATEMENT
HIGH DESERT POWER PROJECT, LLC**

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INTRODUCTION

In accordance with the Committee’s Notice of Prehearing Conference and Evidentiary Hearing, Committee Schedule, and Further Orders (“Notice of Prehearing Conference”), High Desert Power Project, LLC (“HDPP”) files this prehearing hearing conference statement.

RESPONSE TO SPECIFIC QUESTIONS FROM THE COMMITTEE

1. The subject areas that are complete and ready to proceed to Evidentiary Hearing.

All subject areas are complete and ready to proceed to Evidentiary Hearing.

2. The subject areas upon which any party proposes to introduce testimony in writing rather than through oral testimony.

HDPP has submitted its written opening and rebuttal testimony in accordance with the Notice of Prehearing Conference. HDPP will provide additional oral testimony as needed to respond to any questions from the Committee, issues raised in the responses to the Committee Questions for Parties and Other Interested Persons filed on March 1st, in the rebuttal testimony filed by Commission Staff on February 12th and March 8th, and in the testimony filed by the California Department of Fish & Wildlife (“CDFW”) on March 1st.

3. The subject areas that are not complete and not yet ready to proceed to Evidentiary Hearing, and the reasons therefor.

All subject areas are complete and ready to proceed to Evidentiary Hearing.

4. The subject areas that remain disputed and require adjudication, and the precise nature of the dispute for each issue.

The verification section of condition of certification Soil&Water-1, as approved by the Commission in its order of September 26, 2014, required HDPP to “submit a PTA no later than November 1, 2015 that will implement reliable primary and backup HDPP water supplies that are consistent with state water policies...”

HDPP filed a Petition for Modification on October 30, 2015 (“Petition”). The Petition proposes a “Loading Sequence” as described therein to prioritize and guide the use of water at the High Desert Power Project (“Facility”). The subject areas that remain in dispute and require adjudication are the following:

- 1) Does the Petition satisfy the requirements of condition of certification Soil& Water-1?
 - a. Will the Loading Sequence and use of groundwater for blending and as a backup water supply allow the project to implement *reliable* primary and backup water supplies?
 - b. Will any potentially significant environmental impacts from the Loading Sequence and use of groundwater for blending and as a backup water supply be avoided or minimized?
 - c. Is the Loading Sequence and use of groundwater for blending and as a backup water supply consistent with state water policies?

If the answers to the above questions are “Yes”, the Petition should be approved.

The Staff Analysis¹ does not merely evaluate HDPP’s proposed Petition and Loading Sequence. The Staff Analysis also presents an entirely different, substitute proposal, which would require the HDPP to utilize recycled water 100% of the time.

It is undisputed that this Staff substitute proposal would require costly physical retrofit of the Facility. The Staff Analysis also seeks to have the Commission revoke HDPP’s current authorization to use State Water Project water, which has been the Facility’s water supply over the past 13 years, and require HDPP to mitigate for any future use of State Water Project water on a one for one basis in accordance with a “Water Conservation Offset Plan,” a complex and unprecedented imposition of additional regulatory requirements for use of existing supplies for an operating project.

If the Committee chooses to consider Staff’s substitute proposal in this amendment proceeding, the following issues require adjudication:

- 1) Is a substitute proposal that requires costly physical modification of the Facility properly and the proposed revocation of HDPP’s ability to use the water supply approved in the Final Decision within the scope of this amendment proceeding?

¹ The Staff Analysis consists of the “Staff Analysis/ Opening Testimony of Proposed Petition to drought proof the project and allow the use of alternative water supplies” (TN# 210083, http://docketpublic.energy.ca.gov/PublicDocuments/97-AFC-01C/TN210083_20160129T135926_High_Desert_Power_Project_Staff_Analysis_Opening_Testimony_of.pdf.) and Energy Commission Staff’s Rebuttal Testimony (TN# 210303, http://docketpublic.energy.ca.gov/PublicDocuments/97-AFC-01C/TN210303_20160212T165902_Staff_Rebuttal_Testimony.pdf).

- 2) Would the Staff’s substitute proposal provide a reliable supply of water to the Facility?
- 3) Is the Staff’s substitute proposal consistent with state water policies?
 - a. Is the Staff’s substitute proposal technically feasible?
 - b. Is the Staff’s substitute proposal economically feasible?
- 4) Has Staff met its burden to demonstrate that its substitute proposal would not result in any significant environmental effects?

If the answer to any of the above questions is “No”, the Staff’s substitute proposal must be rejected.

The hearing process can be streamlined if the Committee finds that Staff’s substitute proposal is outside the scope of the Petition. If, however, the Committee wishes to entertain Staff’s substitute proposal, then the issues related to Staff’s substitute proposal will require additional hearings, including a closed session on confidential business information to address the economic issues raised by CEQA’s definition of “feasibility.”

5. The identity of each witness the party intends to sponsor at the Evidentiary Hearing, the subject area(s) about which the witness(es) will offer testimony, whether the testimony will be oral or in writing, a brief summary of the testimony to be offered by the witness(es), qualifications of each witness, the time required to present testimony by each witness, and whether the witness seeks to testify telephonically.

WITNESS	SUBJECT AREAS	TESTIMONY FORMAT/ TIME	SUMMARY
Bryan Bondy Randall Cullison Bradley K. Heisey Ryan T. Schroer M. Fred Strauss Tim Thompson Frank Carelli	<ul style="list-style-type: none"> • Executive Summary • Petition Description • Water Resources • Percolation and Groundwater Banking • Infeasibility of 100% Recycled Water Supply 	Pre-filed written and oral testimony. Proposed: 10 min. Environmental analysis and Mojave River Basin conditions: 10 min. Compliance with LORS: 10 min. Infeasibility of 100% recycled water supply: 10 min.	HDPP proposes that its witnesses be presented as a panel, and will address the modification proposed in HDPP’s petition, the factual basis for the conclusion that there are no significant adverse environmental impacts from the proposed modification, and that the Loading Sequence will not affect the Facility’s ability to comply with LORS. Mr. Carelli is available to answer questions regarding Exhibits 1002, 1003, and 1007. Mr. Carelli is also available to answer questions regarding the Facility’s operations, including use of current water supplies, in response to Staff’s rebuttal testimony. Mr. Carelli’s qualifications and his Declaration are attached hereto as Appendix B. The Qualifications and Declarations for HDPP’s other witnesses were previously filed in

WITNESS	SUBJECT AREAS	TESTIMONY FORMAT/ TIME	SUMMARY
			Opening and Rebuttal Testimony.
Peter J. Kiel	<ul style="list-style-type: none"> State laws, ordinances, regulations, and standards (“LORS”) and polices applicable to the modification proposed in the Petition. 	Pre-filed written and oral testimony 15 minutes	Mr. Kiel’s testimony will address the State laws, ordinances, regulations, and standards (“LORS”) and polices applicable to the modification proposed in the Petition, the Loading Sequence of water supplies, and the modification proposed by Commission Staff, retrofit of the Facility to use a 100% recycled water supply.

The qualifications of each witness, with the exception of Mr. Kiel and Mr. Carelli, were submitted as Appendix A to Exhibit 1000. Mr. Kiel’s qualifications were submitted as Appendix A to Exhibit 1001, and Mr. Carelli’s qualifications are in Attachment B of this statement.

6. Subject areas upon which the party desires to question the other parties’ witness(es), a summary of the scope of the questions (including witness qualifications), the issue(s) to which the questions pertain, and the time desired to question each witness.

HDPP intends to question Staff and CDFW’s witnesses.

WITNESS	PARTY	SUMMARY OF SCOPE OF QUESTIONS	ISSUE(S) TO WHICH THE QUESTIONS PERTAIN	TIME DESIRED TO QUESTION
Abdel-Karim Abulaban	CEC STAFF	With respect to Staff’s Opening and Rebuttal testimonies, the qualifications as to economic/cost analysis and legal conclusions; scope of environmental analysis; power plant engineering/ operations experience.	<ul style="list-style-type: none"> The environmental impacts of HDPP’s and Staff’s proposed modifications; Feasibility of proposed modifications; and LORS compliance of proposed modifications. 	30 minutes
Matthew Layton	CEC STAFF	With respect to Staff’s Rebuttal Testimony, the qualifications as to economic/cost analysis and legal conclusions; scope of environmental analysis; power plant engineering/ operations experience.	<ul style="list-style-type: none"> The environmental impacts of HDPP’s and Staff’s proposed modifications; Feasibility of proposed modifications; and LORS compliance of proposed modifications. 	20 minutes

WITNESS	PARTY	SUMMARY OF SCOPE OF QUESTIONS	ISSUE(S) TO WHICH THE QUESTIONS PERTAIN	TIME DESIRED TO QUESTION
Paul Marshall	CEC STAFF	With respect to Staff's Rebuttal Testimony, the qualifications as to economic/cost analysis and legal conclusions; scope of environmental analysis; power plant engineering/ operations experience.	<ul style="list-style-type: none"> • The environmental impacts of HDPP's and Staff's proposed modifications; • Feasibility of proposed modifications; and • LORS compliance of proposed modifications. 	25 minutes
Kit Custis	CDFW	Questions regarding status of Mojave River Basin subareas.	<ul style="list-style-type: none"> • Water Resources 	15 minutes
Alisa Ellsworth	CDFW	Questions regarding status of Mojave River Basin subareas.	<ul style="list-style-type: none"> • Water Resources 	15 minutes

7. A list identifying exhibits with transaction numbers (TN) that the party intends to offer into evidence during the Evidentiary Hearing and the technical subject areas to which they apply (see below for further details on Exhibit Lists).

HDPP's Exhibit List is provided as Attachment A.

8. Proposals for briefing deadlines, impact of scheduling conflicts, or other scheduling matters.

HDPP proposes the following briefing deadlines:

- Opening Briefs due 15 days after publication of evidentiary hearing transcripts;
- Reply Briefs due 7 days after submittal of Opening Briefs.

INFORMAL AND FORMAL HEARING PROCEDURES

The *Notice of Prehearing Conference* states that the Committee may conduct all or portions of the evidentiary hearings using an informal procedure, and that the use of informal and formal procedures will be discussed at the Prehearing Conference and Evidentiary Hearing. HDPP notes that Government Code section 11445.30 provides that parties may object to the possible use of informal procedures. HDPP has concerns regarding the use of informal hearings, in general, and HDPP's due process rights, in particular, given the potential restrictions on the ability to effectively cross-examine witnesses. Therefore, HDPP objects to the use of informal procedures, and requests formal procedures for this proceeding.

Notwithstanding the objection, HDPP suggests that a “hybrid” approach mixing formal and informal hearings could be used. Contested issues, such as the feasibility of Staff’s substitute proposal to mandate that the Facility be converted to use 100% recycled water, could first be heard in traditional hearings format with brief, time-limited direct and cross examinations, followed by a panel discussion if the Committee finds a panel productive. Less contested issues, such as the percolation of water, could be heard exclusively in panel format.

In any event, HDPP believes that the party carrying the burden -- be it HDPP for the Petition or the Staff for its substitute proposal -- must be afforded the opportunity to put on a *prima facie* showing to meet that burden through appropriately limited direct and cross examination.

March 8, 2016

ELLISON, SCHNEIDER & HARRIS L.L.P.



By: _____

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ATTACHMENT A

High Desert Power Project LLC's Exhibit List



Docket Number: 97-AFC-1C

Project Name: HIGH DESERT POWER PROJECT

HIGH DESERT POWER PROJECT, LLC'S EXHIBIT LIST

Exhibit	Docket Transaction	Title of Document	Subject Area
1000	210088	High Desert Power Project, LLC Opening Testimony	<ul style="list-style-type: none">• Executive Summary• Petition Description• Water Resources• Percolation and Groundwater Banking
1001	210301	High Desert Power Project, LLC Rebuttal Testimony	<ul style="list-style-type: none">• Executive Summary• Petition Description• Water Resources• Percolation and Groundwater Banking• Infeasibility of 100% Recycled Water Supply
1002	206468	Petition for Modification to Drought-Proof the High Desert Power Project	<ul style="list-style-type: none">• Executive Summary• Petition Description• Water Resources• Percolation and Groundwater Banking
1003	203306	High Desert Power Project Recycled Water Feasibility Study Report	<ul style="list-style-type: none">• Water Resources• Infeasibility of 100% Recycled Water Supply
1004	206909	High Desert Power Project, LLC Reply to Staff Review of Feasibility Study	<ul style="list-style-type: none">• Petition Description• Water Resources• Percolation and Groundwater Banking• Infeasibility of 100% Recycled Water Supply



Docket Number: 97-AFC-1C

Project Name: HIGH DESERT POWER PROJECT

HIGH DESERT POWER PROJECT, LLC'S EXHIBIT LIST

Exhibit	Docket Transaction	Title of Document	Subject Area
1005	203307	Confidential: Exhibits A, B, C, D, F, and G to the High Desert Power Project Recycled Water Feasibility Study Report	<ul style="list-style-type: none">• Water Resources• Infeasibility of 100% Recycled Water Supply
1006	207311	Confidential: Economic Information and Revised confidential Exhibit D to the High Desert Power Project Recycled Water Feasibility Study Report	<ul style="list-style-type: none">• Water Resources• Infeasibility of 100% Recycled Water Supply
1007	206866	Presentation- Petition for Modification to Drought-Proof the High Desert Power Project	<ul style="list-style-type: none">• Water Resources• Infeasibility of 100% Recycled Water Supply
1008	210081	Confidential: Updated Exhibit F to the High Desert Power Project Recycled Water Feasibility Study Report	<ul style="list-style-type: none">• Water Resources• Infeasibility of 100% Recycled Water Supply
1009	210584	HDPP Response to Committee Questions for Parties and Other Interested Parties	<ul style="list-style-type: none">• Water Resources
1010	210498	Letter from Mojave Water Agency describing how groundwater utilized by the High Desert Power Project is accounted for. Supplemental Information to TN 210280)	<ul style="list-style-type: none">• Water Resources• Percolation and Groundwater Banking• Infeasibility of 100% Recycled Water Supply

ATTACHMENT B

Qualifications and Declaration of Frank Carelli

Frank E. Carelli
Plant Manager
High Desert Power Project, LLC
Victorville, CA

Summary of Experience

Mr. Carelli joined Tenaska in 1995, and High Desert Power Project, LLC (HDPP) in 2009. Mr. Carelli has over 40 years of energy industry experience in engineering, construction, operations, maintenance, and management of power and chemical plant processes. Mr. Carelli’s primary responsibility at HDPP is the management of the asset’s operation and maintenance (O&M), as well as, the administrative functions of safety, environmental, human resources, government affairs, community relations, and asset optimization programs for the 830 MW Combined-cycle generation facility. Mr. Carelli directs the daily O&M activities at the plant, including generation scheduling within the CAISO merchant market.

Mr. Carelli previously served as Plant Manager for Tenaska (from 1999–2009) at the 830 MW Combined Cycle Power Plant in Shiro, TX, and prior to that as Plant Manager at the Paris, TX – 225 MW co-generation facility (from 1995–1999), managing the O&M and customer relationships for contracted generation into the ERCOT and SERC power markets.

Previous to Tenaska, Mr. Carelli served in various management and engineering positions at multiple locations for Occidental Chemical Corporation. Mr. Carelli has extensive experience in water treatment operations associated with chemical and power production.

Education

B.S. Electrical Engineering, West Virginia University
M.S. Electrical Engineering (21 / 30 hrs. completed towards degree), West Virginia University
Post Graduate Business Courses, (12 hrs.), University Houston – Clear Lake

Work History

1995 – Present	Tenaska (affiliated companies) TX and CA Plant Manager
1973 - 1995	Occidental Chemical / Diamond Shamrock Chemical TX, DE, TN Chemical Mfg. – Co-generation

Power and Chemical Plant Experience

High Desert Power Project, LLC	830 MW	California
Tenaska Frontier Partners, LLC	830 MW	Texas
Tenaska III Partners, LLC	225 MW	Texas
Occidental Chemical – Deer Park (Co-generation, Chlor-alkali, VCM Mfg.)	400 MW	Texas
Occidental Chemical (Chlor-alkali, Phosphorus)		Delaware/Tennessee
Diamond Shamrock - LaPorte	225 MW	Texas

**DECLARATION OF
Frank E. Carelli**

I, **Frank E. Carelli**, declare as follows:

1. I am presently the Plant Manager for the High Desert Power Project. I have worked at the High Desert Power Project since 2009. I joined Tenaska in 1995, and have worked since that time with Tenaska affiliated companies in Texas and California.
2. A copy of my professional qualifications and experience are attached hereto and incorporated herein by reference.
3. I participated in the preparation of Exhibits 1002, 1003, and 1007. Portions of these Exhibits were prepared either by me or under my supervision, and are based on my independent analysis, data from reliable sources, and my professional experience and knowledge. As the Plant Manager, I can answer questions regarding the High Desert Power Project's operations, including use of current water supplies.
4. It is my professional opinion that the Exhibits are valid and accurate with respect to the issue(s) addressed herein.
5. I am personally familiar with the facts and conclusions presented in the above-referenced Exhibits and if called as a witness could testify competently thereto.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge and belief.

Dated: Mar. 7, 2016

Signed: 