

DOCKETED

Docket Number:	08-AFC-09C
Project Title:	Palmdale Energy Project (Formerly Palmdale Hybrid Power Plant) - Compliance
TN #:	220143
Document Title:	Palmdale Energy LLC's Comments on the Presiding Member's Proposed Decision
Description:	N/A
Filer:	Marie Fleming
Organization:	DayZen LLC
Submitter Role:	Applicant Representative
Submission Date:	7/13/2017 4:25:35 PM
Docketed Date:	7/13/2017

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STATE OF CALIFORNIA

Energy Resources
Conservation and Development Commission

In the Matter of:

DOCKET NO. 08-AFC-09C

Petition For Amendment for the
PALMDALE ENERGY PROJECT

**PALMDALE ENERGY, LLC's
COMMENTS ON THE PRESIDING
MEMBER'S PROPOSED DECISION**

In accordance with the Committee's **NOTICE OF AVAILABILITY OF THE PRESIDING MEMBER'S PROPOSED DECISION, NOTICE OF COMMITTEE CONFERENCE ON THE PRESIDING MEMBER'S PROPOSED DECISION, AND NOTICE OF ENERGY COMMISSION HEARING**, dated July 3, 2017, Palmdale Energy, LLC hereby submits its comments on the Presiding Member's Proposed Decision (PMPD). Palmdale Energy, LLC agrees fully with the conclusions and Conditions of Certification contained in the PMPD and offers the following suggested changes to the Project Description to avoid any confusion during the compliance phase of the project.

INTRODUCTION

Page 1-3 of the Introduction Section

Palmdale Energy, LLC requests the Final Decision include the following as a footnote to the first reference in the PMPD to the capacity of the PEP to avoid confusion relating to the PEP's potential output.

The second sentence of the last paragraph on Page 1-3 should be modified as follows:

The Petition proposes to change the approved PHPP from a 570 MW hybrid combined-cycle and solar-trough power plant to a natural-gas-fired ***nominal 645 MW***¹ combined-cycle power plant.

Footnote 1 should incorporate the information provided at page 2-7 and Figure 2-6c of Exhibit 2, Revised Petition To Amend as follows:

¹With the CTGs at full load and the duct burners in-service, the HRSGs produce sufficient steam for operation of the STG at its peaking output of 276.2 MW (gross) at average ambient conditions, which results in an overall plant gross output of approximately 716.9 MW or plant net output of 699.4 MW.

PROJECT DESCRIPTION

Pages 2-1 through 2-4 of the Project Description Section

The first paragraph under the heading “Setting” on page 2-1 of the PMPD should be revised as follows to correct references to the most current figures and insert an additional Figure to capture the slight modifications of the Project Description that took place during the proceeding.

The PEP will be located within the licensed but undeveloped PHPP site located at 950 East Avenue M, Palmdale, California. The proposed site for the PEP is located approximately 60 miles north of downtown Los Angeles and in the northernmost portion of the city of Palmdale, east of the intersection of Sierra Highway and East Avenue M. The project site is located immediately north and west of the combined facilities of Los Angeles/Palmdale Regional Airport and U.S. Air Force Plant 42. **Project Description Figure 1** shows an overview of the project site approved previously as the PHPP. **Project Description Figure 2** shows the location of the PHPP powerblock and solar field, and the PEP powerblock and laydown area as proposed in the Petition to Amend. ~~Finally,~~ **Project Description Figure 3** provides a plot plan of the PEP site **and Project Description Figure 4 provides a general arrangement drawing of the PEP.**

Figure 2 of the Project Description shown on page 2-3 of the PMPD should be replaced with Figure 2-1 of Exhibit 3 TN 205394-2.

Figure 3 of the Project Description shown on page 2-4 of the PMPD should be replaced with the first figure attached to the Project Description of Palmdale Energy, LLC’s Opening Testimony, Exhibit 56 TN 215189.

The PMPD should include a new Figure 4 which was included as the second figure attached to the Project Description of Palmdale Energy, LLC’s Opening Testimony, Exhibit 56 TN 215189.

The modifications requested by Palmdale Energy, LLC will ensure the Project Description of the PMPD includes the most accurate information including the gas compression equipment.

Page 2-7 of the Project Description Section

The second sentence of the third paragraph on Page 2-7 of the Project Description of the PMPD incorrectly identifies the nominal rating as 654 MW. The correct reference should be 645 MW.

SOIL AND WATER RESOURCES

Pages 5.2-5 through 5.2-7 and Page 5.2-16 of the Soil and Water Resources Section

At page 5.2-5 of the Soil and Water Resources Section of the PMPD, the Committee cites solely to Staff, Final Staff Assessment, Exhibit 500 for the proposition that the PEP does not have potable water rights. As discussed in Palmdale Energy, LLC's Soil and Water Resources Opening Testimony at page 2,

Staff bases its conclusion that PEP was not part of the adjudication on the will serve letter but ignores that PEP has a signed water supply agreement and has paid its fees (see Attachment 1). Palmdale Energy, LLC disagrees with Staff's conclusion that the PEP's water supply was not part of the basin adjudication and further believes that it has a valid water supply agreement with District 40. However, since this disagreement involves interpretation of water law, which the Commission should not be deciding,

To resolve the issue without the need for adjudicating water rights in the Commission forum, Palmdale Energy, LLC proposed a revision the Condition of Certification **SOIL&WATER-4** which will ensure that the project owner provides proof that it has secured the necessary potable water without necessarily requiring a new specific agreement. Staff agreed to those revisions despite the disagreement¹. We therefore suggest the following modifications to register Palmdale Energy, LLC's disagreement and to acknowledge that the revision to Condition of Certification **SOIL&WATER-4** renders a conclusion in the PMPD regarding the legal effects of the basin adjudication moot because the revised language ensures that a *valid* water supply agreement demonstrating a commitment to supply potable water to the PEP will be provided prior to commencement of construction.

The first full paragraph on page 5.2-5 should be revised as follows:

Similar to the PHPP, the project owner proposes to use 3.6 AFY of potable water provided by District 40 for drinking and sanitation uses. The AVGB, in which the PEP is located, became adjudicated December 15, 2015.¹⁷ **Staff asserts that** ~~the PEP was not part of the adjudication and has no water rights in the AVGB and that District 40 currently does not have sufficient potable water to supply the PEP, other than on a temporary basis.~~ **According to Staff,** ~~Therefore,~~ District 40 has to acquire and import additional water supplies and rely on banked groundwater during dry years to meet demands associated with the level of growth projected for the District 40 service area.¹⁸

The last paragraph on Page 5.2-5 should be revised as follows:

After receipt of the deposit, District 40 transfers it to AVEK to acquire the new water supply, which would be allocated to District 40. The MOU also

¹ Exhibit 502, page 6

includes a provision requiring completion of CEQA analysis for transfer of any new water supply for District 40. **According to Staff,** ~~the~~ PEP would be required to pay \$36,000 for the proposed 3.6 AFY of potable water **in the event that District 40 does not recognize Palmdale Energy, LLC's previous payment for potable water as a binding right to potable water.**²⁰

Footnote 20 should also include the reference to Palmdale Energy, LLC's Soil and Water Opening Testimony of Thomas Johns, Exhibit 56.

The first full paragraph on page 5.2-7 should be revised as follows:

To ensure that a reliable potable water supply for drinking and sanitation purposes is in place prior to construction, we are modifying Condition of Certification **SOIL&WATER-4**. This condition of certification requires the project owner to submit to the Energy Commission's Compliance Project Manager, a **valid water supply agreement** ~~an executed developer water supply acquisition agreement between the PEP and District 40 and a will-serve letter issued by District 40 for potable water supply prior to construction.~~ This condition also ensures that the potable water supply complies with local requirements and does not impact other uses.

The last full paragraph on Page 5.2-16 should be revised as follows:

To ensure that the PEP will obtain a potable water supply in accordance with the local requirements and not impact other users, we modify Condition of Certification **SOIL&WATER-4** to require **a valid water supply agreement** ~~an executed Developer Water Supply Acquisition Agreement between the PEP and District 40, and a valid Water Supply Agreement for the PEP's potable water needs~~ **demonstrating that the necessary fees are paid and District 40 is committed to delivery of potable water by the start of project construction date.** ~~These will be provided prior to approval to construct the project to ensure the parties are committed to obtaining a supply for project operation.~~⁴⁷ We find that the amount of the potable water needed for the PEP will not cause a significant adverse environmental impact or adversely affect current or future users of potable water.

TRAFFIC AND TRANSPORTATION

Page 6.2-5 of the Traffic and Transportation Section

The second paragraph on page 6.2-5 of the Traffic and Transportation Section of the PMPD reflects the analysis contained in the FSA. Staff updated the analysis of thermal plumes based on Palmdale Energy, LLC's revisions to its thermal plume analysis due to an error in technical data relating to the Air Cooled Condenser. Staff reviewed the changes to

the thermal plume modeling and issued Supplemental Traffic and Transportation Supplemental Testimony, Exhibit 501 TN 215118. Exhibit 501 adopts Staff's new significance threshold of 5.3 m/s instead of the previous 4.3 m/s significance threshold. Therefore, the PMPD should delete the second paragraph on page 6.2-5 of the Traffic and Transportation Section of the PMPD and replace it with the following paragraphs from Exhibit 501, as modified.

Staff has historically used an average thermal plume vertical velocity of 4.3 meters per second (m/s) as the threshold for potential impacts to aviation. Staff has concluded that based on recent publications, an average vertical velocity of 4.3 m/s is no longer an appropriate threshold.²

Based on review of the recent publications ~~discussed above~~ **described in Exhibit 501, Appendix TT-2**, staff will use 10.6 m/s peak vertical plume velocity as the new threshold. The altitude at which a plume would have a peak vertical velocity of 10.6 m/s would be the same altitude at which a plume would have an average vertical velocity of half that, 5.3 m/s.³

While the results of the project owner's analysis and staff's analysis of the PEP show an increase in the ACC thermal plume height compared to the original project, the PEP's plumes would still be below 1,500 feet AGL **at average vertical velocities of less than 5.3 m/s** and would not affect the airspace in the traffic pattern for RY 7/25 or RY 4/22. Based on current information, the conclusion in the Decision and staff's conclusion in the FSA for the PEP of no significant impact on U.S. Air Force Plant 42 operations from thermal plumes would be unchanged (CEC 2016a).⁴

CONDITIONS OF CERTIFICATION

Condition of Certification GEN-2, Appendix A, pages A-20 and A-21

Condition of Certification **GEN-2** includes Facility Design Table 2 at pages A-20 and A-21 of the Appendix A of the PMPD. Palmdale Energy, LLC requests that the Items "Fuel Gas Compressor Foundations and Connections" and "Fuel Gas Compressor Building Foundations" be included in the Table. This request is supported by Exhibit 56, Project Description Opening Testimony.

Palmdale Energy, LLC believes that the modifications to the PMPD proposed above can be captured in an erratum and would not require recirculation and re-noticing. We look forward to discussing the PMPD at the upcoming PMPD Conference Hearing on July 24, 2017.

² Exhibit 501, Appendix TT-2, page 1

³ Exhibit 501, Appendix TT-2, page 3, modifications proposed in **bold italic font**.

⁴ Exhibit 501, page 2, modifications proposed in **bold italic font**.

Dated: July 13, 2017

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Scott A. Galati". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Scott A. Galati
Counsel to Palmdale Energy LLC