

Memorandum

Date : May 22, 2002

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To : Robert A. Laurie, Commissioner and Committee Presiding Member
William J. Keese, Chairman and Committee Associate Member

From : California Energy Commission - Bob Eller
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Subject : PALOMAR ENERGY PROJECT (01-AFC-24) STATUS REPORT NO. 2

Pursuant to the Committee's Scheduling Order of March 29, 2002, the following is staff's status report on the proposed Palomar Energy Project. As requested by the Committee in its Order, staff's first report focused on issues related to the schedule for adoption of the Escondido Research and Technology Center (ERTC) Specific Plan by the City of Escondido, and the potential to delay the Committee's adopted schedule for the project. Staff is still concerned that a significant delay in the adoption of the ERTC Specific Plan by the City will delay the Commission's completion of this review of this project.

Since the staff's April 22, 2000, status report, staff continues to work closely with the City of Escondido. On May 1, 2002, the City of Escondido unanimously adopted a proposed Memorandum of Understanding (MOU) between the City of Escondido and the Energy Commission to coordinate the City's work on the ERTC and our work on the proposed Palomar Energy Project. Although the Commission has not yet addressed the MOU, staff continues to work with the City to ensure coordination of the review of the two projects.

CURRENT DATA REQUEST/DATA RESPONSES

STAFF

Staff submitted 117 data requests on March 8, 2002, requesting additional information in the areas of air quality, biology, cultural resources, hazardous materials management, noise, reliability, soil and water resources, traffic and transportation, transmission system engineering, visual impacts, waste management, and worker safety. On March 18, the applicant filed objections to a number of staff's requests, and requested additional time to prepare responses.

On April 8 the applicant responded to most of our requests and completed these responses on May 8. Staff submitted 18 follow-up data requests on May 3 requesting additional information in the areas of alternatives, cultural resources, noise, and soil and water resources. Staff expects to file additional transmission system data requests later this week. These requests are the result of staff's review of the applicant's response to Data Request #65, received by staff on April 17.

Staff believes that complete responses to both our current data requests, due June 3, as well as the forthcoming data requests for transmission system engineering, to be submitted this week, and responded to by the end of June, will complete discovery for this project.

INTERVENORS

No data requests have been filed by intervenors to this proceeding.

AGENCY PARTICIPATION

The primary agency interaction to date has been with the City of Escondido and the San Diego Air Pollution Control District (SDAPCD). Both agencies attended and participated in both the Committee's Informational Hearing and Site Visit and staff's Data Response and Issues workshop.

On April 19, 2002, the SDAPCD submitted a letter stating their concerns regarding the potential impact of the Palomar Energy Project to the SDG&E natural gas supply system. Staff has received an electronic copy of a letter from Joseph Rowley, SEMPRA, to Michael Lake of the SDAPCD. This letter, which will be formally filed by the applicant this week, responds to the District's natural gas supply questions. Staff is reviewing this information and will provide an analysis of the potential impacts to the SDG&E natural gas supply system in our Preliminary Staff Assessment (PSA).

ISSUES

In our March 15 Issue Identification Report (IIR) staff identified potential issues with the environmental baseline of the project, air quality, and traffic and transportation. As noted in our first status report, staff will continue to work closely with the City and the applicant to resolve any traffic and transportation impacts related to the direct and cumulative impacts of the Palomar Energy Project.

ENVIRONMENTAL BASELINE

The Committee, in its Scheduling Order of April 2, 2002, noted the technical areas which require coordination with the City of Escondido in order to resolve potential environmental baseline related issues. This coordination is ongoing but, as noted by the Committee, has the potential to delay the Commission's action on the proposed project.

Staff is currently reviewing portions of the City's second "screencheck" Environmental Impact Report for the ERTC Specific Plan and will provide comments to the City later this month. The term screencheck, as used by the City, represents a staff draft review document which is not intended for public release.

AIR QUALITY

Staff's IIR identified four potentially critical air quality issues that could affect the timing and outcome of the licensing process for the Palomar Energy Project. They included: 1) accurate representation of construction impacts; 2) cumulative effects; 3) mitigating respirable particulate matter (PM₁₀) impacts; and, 4) mitigation for ozone and secondary PM₁₀ impacts.

Issues relating to construction impacts were resolved by the April 8 data responses, with the exception of PM₁₀. Staff continues to work with the San Diego Air Pollution Control District to resolve any cumulative issues related to the Palomar Energy project, including issues related to natural gas supply raised by the District.

Issues related to the mitigation of PM₁₀ impacts continue to be a concern for staff. Staff received a proposal for additional mitigation in the applicant's May 8 data response submittal. Staff is reviewing the proposed strategy and will provide an analysis in the PSA.

PROJECT SCHEDULE

Staff anticipates publishing the PSA in early July, as shown in the Committee's schedule. Completion of staff's Transmission System Engineering analysis for the PSA, as well as other technical areas with outstanding data responses, is predicated on full and complete responses to our data requests by the end of June.