

Memorandum

Date : February 7, 2003
Telephone: (916) 654-4067

To: John L. Geesman, Commissioner and Committee Presiding Member
Arthur H. Rosenfeld, Commissioner and Committee Associate Member

From: California Energy Commission - Matt Trask
1516 Ninth Street Project Manager
Sacramento, CA 95814-5512

Subject: **PICO POWER PROJECT (02-AFC-3)
STATUS REPORT NO. 2**

Staff has prepared the following status report to inform the Committee of the progress of the case. The case is proceeding smoothly, and Staff is not aware of any additional issues beyond those discussed in our December 6, 2002, Issue Identification Report that have the potential to significantly delay the release of the Staff Assessment for this 6-month proceeding. Below is a synopsis of the progress towards resolving the issues identified in the December 6 Issue Identification Report.

ISSUES

AIR QUALITY

As stated in the Issue Identification Report, the Bay Area Air Quality Management District has indicated that there will be a delay in releasing its Preliminary Determination of Compliance (PDOC), largely due to a severe staffing shortage at the District. The District is reportedly working with US EPA Region 9 in San Francisco to determine the appropriate Best Available Control Technology (BACT) and commissioning levels for the project. Ken Lim of the District recently confirmed that he hopes to complete the PDOC by February 18.

Staff is in receipt of the Applicant's district-specified BACT analysis of NO_x and CO, as requested in Staff's Data Requests. The Applicant maintains that BACT should be set at the higher emissions level originally proposed in the AFC. Though not anticipated at this time, this issue has some potential to delay the issuance of the BAAQMD's Final Determination of Compliance (FDOC), in which case additional time may be required for resolution before detailed assessment of project impacts and mitigation would go forth.

BIOLOGICAL RESOURCES

Staff is currently working with the US Fish & Wildlife Service regarding the issue of potential biological resources impacts to the Bay checkered spot butterfly and several plant species created by nitrogen deposition on serpentine soils near the project site. Staff does not anticipate that this issue will delay the issuance of the Staff Assessment, nor issuance of a license for this project and commencement of construction of the plant following certification.

SOIL AND WATER RESOURCES

The Applicant has responded to Staff's second round of data requests regarding information about any abandoned or contaminated water wells in the area to assess whether the pumping from the proposed industrial water well on the project site would create an impact. Staff and the Applicant are working closely with the Santa Clara Valley Water District to ensure the Staff Assessment adequately addresses the District's concerns about potential groundwater contamination associated with the proposed industrial well that would be drilled on the project site to provide a backup source of cooling water in the event of disruption in reclaimed water supply for cooling the plant. Staff does not anticipate that this issue will create significant delay in the proceeding.

TRAFFIC & TRANSPORTATION

Staff has determined that especially during construction, project-related traffic could further exacerbate an unacceptable level of service on a nearby major traffic artery, which is already operating a Level of Service F. Staff is working with the City of Santa Clara's Public Works Department and other City departments in formulating an alternate route for project-related truck traffic to avoid a high-traffic nearby intersection. Again, Staff feels this issue is not likely to delay the proceeding.

SCHEDULE

Assuming the Bay Area Air Quality Management District issues its PDOC for the project as planned on February 18, Staff will make best efforts to file its SA by the end of February, or during the first week of March. Staff would conduct its first Staff Assessment Workshop approximately 2 weeks after the SA is released. Staff proposes to complete any needed addendum to the Staff Assessment by 35 days after the SA is published, if all critical information items needed to complete any additional analysis have been received; otherwise the addendum will be completed within 30 days from receipt of all additional critical information items. If the Applicant disagrees with the determination of appropriate BACT levels for the project by the Air District, however, the issuance of the FDOC by the Air District, and the Addendum to the Staff Assessment, could be delayed.

This schedule allows sufficient time for staff to conduct SA workshops in coordination with the Applicant and interested agencies, for staff to receive final determinations from local, state, and federal agencies, and to receive critical information from the applicant. However, as stated above, delays in submissions by the applicant to staff or to the appropriate local, state, or federal agencies, could result in delays in determinations and release of documents by agencies. Without such information, it would be difficult for staff to prepare a conclusive and meaningful SA addendum.