

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

April 10, 2006

DOCKET 05-AFC-3
DATE <u>APR 10</u> 2006
RECD. <u>APR 13</u> 2006

Mr. Larry Bowen
Planning and Rules Manager
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Re: Comments on Priority Reserve Amended Rule 1309.1

Dear Mr. Bowen:

The California Energy Commission staff appreciates the opportunity to comment on Proposed Amended language (dated May 5, 2006) for Rule 1309.1, prepared by the South Coast Air Quality Management District.

As currently proposed, the revised Rule 1309.1 (b)(4) requires that an Electrical Generating Facility must file a complete initial application for certification to the California Energy Commission and complete [an] application for a permit to construct for which credits are sought during calendar years 2000, 2001, 2002, 2003, 2005, 2006 or 2007 to be eligible for the Priority Reserve Program. We believe the "sunset date" of 2007 could cause an artificial rush of power plant applications that would be at odds with the need for orderly resource additions to match the need to replace obsolete in-basin generation or to meet the growth of electricity demand in the region. Additionally, the Energy Commission has forecasted a need for new capacity and electrical generation through the year 2010, suggesting that Electrical Generating Facilities will continue to apply for permits and will need to participate in the Priority Reserve after 2007. Staff, therefore, recommends that the language "during calendar years 2000, 2001, 2002, 2003, 2005, 2006 or 2007" be stricken and that no time restriction be placed on the participation in the Priority Reserve Program.

If you would like to discuss these comments with the Energy Commission staff, please contact Keith Golden at (916) 653-1643 or email him at Kgolden@energy.state.ca.us.

Sincerely,

PAUL RICHINS, Manager
Environmental Office