

CALIFORNIA ENERGY COMMISSION
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DOCKET 06-AFC-10	
DATE	JUL 26 2007
RECD.	JUL 27 2007



July 26, 2007

To: MEMBERS OF THE PUBLIC

PUBLIC PARTICIPATION IN THE REVIEW OF THE STARWOOD POWER PROJECT PRELIMINARY STAFF ASSESSMENT

The enclosed Preliminary Staff Assessment (PSA) contains the California Energy Commission staff's initial engineering and environmental evaluation of the Starwood Power Project (SPP).

In summary this PSA finds that:

- The project is in conformance with all Laws, Ordinances, Regulations and Standards (LORS) with the exception of land use consistency with the Fresno County General Plan and zoning.
- Staff is unable to conclude that the proposed project is consistent with the Fresno County General Plan for industrial uses on a parcel that is zoned Exclusive Agriculture AE-20. Staff will continue to work with the Fresno County Planning staff to resolve this issue.
- With the proposed conditions of certification included in the various technical areas, the project's construction and operation impacts can be mitigated to a level less than significant.

On November 17, 2006, Starwood Power-Midway, LLC, submitted an Application for Certification (AFC) to construct and operate a nominal 120 megawatt (MW) natural gas fired simple-cycle (peaking) power plant in an unincorporated area of western Fresno County. On January 3, 2007, the Energy Commission accepted the AFC as complete, which initiated Energy Commission staff's independent review of the proposed project.

The project area is located at 43627 West Panoche Road in an unincorporated area of western Fresno County, adjacent to the Panoche Hills. The site is approximately 12 miles southwest of the city of Mendota, 16 miles south-southwest of the city of Firebaugh and approximately 2 miles east of Interstate 5, adjacent to the Pacific Gas & Electric (PG&E) existing Panoche Substation. The proposed site and substation are located south of West Panoche Road.

The SPP site is leased by Starwood Power-Midway, LLC, is adjacent to two existing peaking power plants, and is near the PG&E Panoche Substation. The two existing plants are commonly referred to as CalPeak and Wellhead. Another power plant, commonly referred to as Panoche, is proposed for construction immediately southwest of the PG&E Panoche Substation. The land surrounding these existing and proposed electric facilities is agricultural.

The SPP would connect to the adjacent CalPeak plant's existing well with a 1,200-foot, 3-inch pipeline to provide water for cooling and other power plant processes. The SPP is anticipated to consume approximately 14 acre-feet per year, presuming 400 hours of operation. Annual water

consumption could be as high as 136 acre-feet per year if operated at the permitted maximum of 4,000 hours per year.

The SPP would connect to PG&E's electrical transmission system via the tie-line that connects the existing CalPeak plant to the adjacent PG&E Panoche Substation. A 300-foot, 115-kV generator tap line would originate from the step-up transformer near the western perimeter of the SPP site, exit from the northwest edge of the site, and travel west into the existing CalPeak Panoche tie-line to the Panoche Substation. The tie-line connecting the existing CalPeak Panoche Plant to PG&E's system is already sized to carry the output of the proposed SPP.

Although the SPP would be interconnected to the CalPeak Panoche transmission system, each project would utilize independent breakers for isolation from the PG&E system. Neither plant would be dependent on the other for its transmission interconnection. No new transmission facilities would be necessary beyond the switchyard.

Natural gas would be delivered to the SPP from a connection to a PG&E trunk line, located immediately north of the proposed site. PG&E would tap the 6-inch natural gas service line serving the existing CalPeak plant approximately 25 feet upstream of the existing meter set, and would install approximately 200 feet of 6-inch steel pipeline to a new 6-inch turbine meter set adjacent to CalPeak's existing meter set. Approximately 600 feet of natural gas line would be constructed along the western perimeter of the SPP site.

Sanitary waste from portable toilets provided at the proposed SPP site during the facility's construction phase would be hauled off-site for disposal. Process wastewater would be conveyed by gravity to a 25,000 square foot surface lined evaporation pond on the east side of the site. Following drying in the evaporation pond, the residue would be analyzed and disposed of in an appropriate landfill system.

Air emissions from the proposed facility would be controlled using best available control technology applied to each engine's exhaust. Each of the two FT8-3 SwiftPac CTGs would be equipped with water injection to the combustors for reducing production of NO_x, a selective catalytic reduction system with a concentration of ammonia injection not to exceed 20 percent to further reduce NO_x emissions and an oxidation catalyst to reduce carbon monoxide emissions. Final permitting by the Energy Commission would reflect conformance with rules and regulations of the San Joaquin Valley Air Pollution Control District and include the issuance of a Determination of Compliance from the District.

The Energy Commission is responsible for reviewing and ultimately approving or denying all applications to construct and operate thermal electric power plants, 50 MW and greater, in California. The Energy Commission's facility certification process carefully examines public health and safety, environmental impacts and engineering aspects of proposed power plants, and all related facilities such as electric transmission lines and natural gas and water pipelines. The issuance of a certificate by the Energy Commission is in lieu of any local, state, or federal permit (to the extent permitted by federal law). The Energy Commission is the lead agency under the California Environmental Quality Act (CEQA), but produces several environmental and decision documents rather than an Environmental Impact Report.

The Energy Commission will conduct a publicly noticed workshop to discuss the PSA on August 16, 2007, in Mendota. This workshop will be separately noticed. Based on the workshop, comments received on the PSA, and additional information that will be gathered, staff will issue a Final Staff Assessment. The public and local, state and federal agencies are encouraged to participate. Written comments should be provided to Che McFarlin, Project Manager, by **Monday, August 27, 2007**, at the address on this letterhead or by email to cmcfarli@energy.state.ca.us.

If you desire information on participating in the Energy Commission's review of the project, please contact the Energy Commission's Public Adviser, at (916) 654-4489 or toll free in California, at (800) 822-6228 or by email at: pao@energy.state.ca.us. Technical or project schedule questions should be directed to Che McFarlin, Energy Commission Project Manager, at (916) 651-0965, or by e-mail at cmcfarli@energy.state.ca.us. The status of the proposed project, copies of notices, an electronic version of the AFC, and other relevant documents are also available on the Energy Commission's Internet web site at: <http://www.energy.ca.gov/sitingcases/starwood>. News media inquiries should be directed to Assistant Director, Claudia Chandler, at (916) 654-4989 or by email at: mediaoffice@energy.ca.us. You can also subscribe to receive e-mail notification of all notices at <http://www.energy.ca.gov/listservers>.

Note: Please retain this letter behind the front cover of the AFC. Thank You.