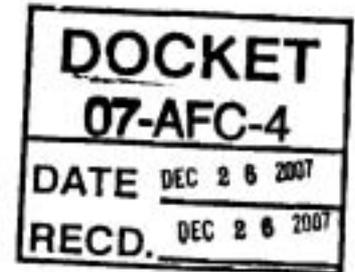


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov

December 26, 2007

Scott Tulloch
Assistant City Manager
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

**RE: MMC Chula Vista Energy Upgrade Project (07-AFC-4)**

Dear Mr. Tulloch:

On August 10, 2007, MMC Energy, Inc. submitted an Application for Certification (AFC) to construct and operate the Chula Vista Energy Upgrade Project (CVEUP), a simple-cycle electrical power plant facility in the City of Chula Vista. On September 26, 2007, the California Energy Commission accepted the AFC as complete. A brief summary of the proposed project is attached.

Energy Commission staff have begun its assessment of the project (a summary of this 12-month licensing process is attached). As a part of our assessment we are interested in the City's position related to land use, traffic/transportation, visual resources, and any other aspect of the project that may be of concern to your agency. We would like to incorporate the City's input and address any concerns it may have in our Preliminary Staff Assessment that is expected to be published in February/March 2008. Please provide your comments by January 30, 2008. If you need additional time, please contact Energy Commission staff at the phone number or email address provided below.

Land Use

As stated in the AFC, the proposed CVEUP site has a City of Chula Vista General Plan designation of "Limited Industrial," which is intended for the following land use types: light manufacturing; warehousing; auto repair; auto salvage yards; and flexible use projects that combine these uses with associated office space uses. The proposed site is zoned as I-L (Limited Industrial) with allowable uses including manufacturing, wholesale businesses, storage and warehousing, laboratories, electrical substations and gas regulator stations, car washing establishments, and other manufacturing uses determined by the City to be of the same general character. The City's General Plan designation for the two proposed laydown areas is "Open Space Preserve," which is intended for areas designated within the Chula Vista Multiple Species Conservation Program (MSCP). The zoning designations for the two alternative laydown areas are A-70 (Agricultural/County) for the laydown area located southeast of the CVEUP site, and RS-114 (Single-Family Residential) for the laydown area located 3 miles to the east of the CVEUP site.

Based on the allowable uses of the proposed CVEUP site and laydown areas, a power plant (and associated activities) is not specifically listed as a permitted use or conditional use for the site and laydown areas. Prior to making findings for its license, the Energy Commission needs to know whether the project would normally require a conditional use permit, but for the exclusive authority of the Energy Commission, and what conditions the City would attach to this project were it the permitting agency. Any conditions recommended by the City will be considered by Energy Commission staff for inclusion in the staff's recommendations for conditions of certification for the project.

We are also interested in understanding the City's position on the proposed project's consistency with its General Plan, Zoning Ordinance, and other applicable LORS including: a Precise Plan or a "modifier" (if any) to the site's zoning designation; the Greenbelt Master Plan; the Otay Valley Regional Park Concept Plan and Design Guidelines; and the MSCP.

Traffic and Transportation

The Traffic and Transportation section of the AFC (pages 5.12-1 through 5.12-31) presents the applicant's assessment of the proposed project's consistency with the City of Chula Vista's traffic and transportation plan, policies and regulations. Energy Commission staff would like to know whether the applicant's traffic/transportation information is complete and accurate and what traffic/transportation conditions, if any, would be required.

Visual Resources

The Visual Resources section of the AFC (pages 5.13-1 through 5.13-25) outlines the applicant's assessment of the proposed project's consistency with the City of Chula Vista's aesthetic/visual regulations, architectural design review, and landscape requirements for the site. Energy Commission staff would like to know whether the applicant's visual information is complete and accurate and what aesthetic/visual conditions, if any, would be required.

Should you have any questions or need additional time to provide your comments, please contact Eric Knight, Community Resources Unit Supervisor, by phone at (916) 653-1850 or by email at eknight@energy.state.ca.us.

Sincerely,



Paul C. Richins, Jr., Manager
Environmental Office
Energy Facilities Siting Division

cc: Docket (07-AFC-4)
Proof of Service List

FACT SHEET

Proposed Project Summary

The proposed project site is located on a 3.8-acre parcel in the City of Chula Vista's Main Street Industrial Corridor and within the City's light industrial zoning district. This site is currently occupied by MMC's Chula Vista Power Plant, a 44.5 (megawatt) MW simple-cycle, natural gas-fired peaking power plant. As part of the CVEUP, the existing power plant and pollution control equipment would be removed from the southern portion of the project parcel. The proposed plant would be constructed on vacant land in the northern portion of the parcel. Some of the facilities that serve the existing plant would be reused for the new power plant. These facilities include the existing transmission connection; natural gas, water, and sanitary sewer pipelines; fencing and sound attenuation wall; utility/control building; stormwater runoff retention basin; and the 12,000-gallon aqueous ammonia storage tank and tank refilling station. The proposed project would have no offsite linear facilities. Once the new plant is constructed, the existing plant would be dismantled and removed. The existing power equipment would be sold for salvage and the foundations, piping, and other equipment associated with the existing plant will be removed. The CVEUP would replace the existing older and less efficient technology with newer, more efficient, and cleaner technology.

Energy Commission Licensing Process

The Energy Commission has the exclusive authority to license all new power plants and additions, 50 MW or greater in the state (Pub. Resources Code, §§ 25110, 25120, and 25500). The Energy Commission's license takes the place of other state, regional, and local permits (e.g., conditional use permit and variance), and other entitlements that would otherwise be required. 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 that would serve the project. The Energy Commission is the lead agency under the California Environmental Quality Act (CEQA) for all AFCs and has a certified regulatory program under CEQA.

As part of the licensing process, the Energy Commission must determine whether a proposed facility complies with all applicable state, regional, and local laws, ordinances, regulations, and standards (LORS) (Pub. Resources Code, § 25523(d)(1)). The Energy Commission must either find that a project conforms to all applicable LORS or make specific findings that a project is needed for public convenience and necessity even where the project is not in conformity with all applicable LORS (Pub. Resources Code, § 25525). For the Energy Commission to determine whether a proposed power plant project would comply with applicable LORS we seek out and welcome input from other state, regional, and local agencies.