

CALIFORNIA ENERGY COMMISSION

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SACRAMENTO, CA 95814-5512

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TO: AGENCY DISTRIBUTION LIST

**REQUEST FOR AGENCY COMMENTS ON THE PRELIMINARY STAFF
ASSESSMENT FOR THE CHULA VISTA ENERGY UPGRADE PROJECT (07-AFC-4)**

The enclosed Preliminary Staff Assessment (PSA) contains the California Energy Commission staff's initial engineering and environmental evaluation of MMC Energy, Inc.'s (MMC's) proposed Chula Vista Energy Upgrade Project (CVEUP). The PSA contains the California Energy Commission staff's initial engineering and environmental evaluation of the CVEUP, and staff's findings are summarized as follows:

- The map boundaries of the City of Chula Vista Multi-Species Conservation Plan Subarea Plan 75 – 99 percent Conservation Area – Habitat Preserve include the proposed laydown areas for the CVEUP. The two proposed laydown areas are disturbed areas previously and/or currently used as construction laydown areas. After review of the proposed CVEUP and Section 5.4.1 of the City of Chula Vista's Multi-Species Conservation Plan Subarea Plan, staff and U.S. Fish and Wildlife Service recommend that the map boundaries of the Subarea Plan are corrected to reflect the actual boundaries of the preserve. With correction of this mapping conflict, the CVEUP will be in compliance with all biological resource Laws, Ordinances, Regulations and Standards (LORS).
- The City of Chula Vista General Plan was revised after the City of Chula Vista permitted the existing 44.5 MW Chula Vista Power Plant. General Plan Policy E 6.4 states that the Agency [Chula Vista Redevelopment Agency] should "*avoid siting new or re-powered energy facilities or other major toxic emitters within 1,000 feet of a sensitive receptor*". The project as proposed is inconsistent with the revised general plan and would require a Conditional Use Permit if licensed by the City of Chula Vista. Staff has reviewed the City of Chula Vista General Plan and the Special Use Permit issued for the Chula Vista Power Plant in 2000 and has proposed mitigation to address the inconsistency. With staff has proposed Condition of Certification **LAND-1**, the CVEUP would be in compliance with all land use LORS. This issue will be further addressed in the Final Staff Assessment.
- The proposed CVEUP has only one access point and the AFC makes no mention of a secondary access point through the perimeter fence. Both the California Fire Code (24 CCR Part 9, chapter 5, section 503.1.2) and the Uniform Fire Code (sections 901 and 902) require that access to the site be reviewed and approved by the fire department. All power plants licensed by the Energy Commission have more than one access point to the power plant site and with the secondary access point proposed by staff, the CVEUP will be in compliance with all fire protection LORS.
- The San Diego Air Pollution Control District has determined that the project complies with the appropriate rules and requirements of the District and will not contribute to the degradation of the air quality. The applicant has identified all required emissions reductions credits needed for operation of the proposed project.

- Staff evaluated the greenhouse gas (GHG) emissions from the proposed project and recommends reporting of the GHG emissions as the Air Resources Board develops greenhouse gas regulations and/or trading markets. Prior to the finalization of the Presiding Members Proposed Decision, the project may be subject to additional reporting requirements and GHG reductions not discussed here.
- Transmission system impacts and appropriate mitigation have been fully identified at this point and are acceptable and would comply with all applicable laws, ordinances, regulations, and standards. The project interconnection to the grid would not require additional downstream transmission facilities other than those Special Protection Schemes proposed by the applicant.

On August 10, 2007, MMC submitted an Application for Certification (AFC) to construct and operate the CVEUP in the City of Chula Vista, San Diego County. The AFC seeks approval from the California Energy Commission to construct and operate a nominal 100 megawatt (MW) peaking power plant consisting of two (2) General Electric (GE) LM6000 natural gas-fired turbine-generators and associated equipment. The 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 currently occupied by MMC's Chula Vista Power Plant, a 44.5-MW simple-cycle, natural gas-fired peaking power plant using Pratt & Whitney FT4 Twinpac™ technology. The proposed project would replace the existing power plant and, as part of the CVEUP, the existing power plant and pollution control equipment would be removed from the southern portion of the project parcel.

We request that you review the enclosed PSA for the areas in which your agency would normally be responsible but for the Energy Commission's permitting authority. Please provide any written comments to Christopher Meyer, Siting Project Manager by Friday, June 13, 2008. Comments received will be used for preparing the Final Staff Assessment which will be staff's testimony in evidentiary hearings.

If you desire information on technical or project schedule issues, or how to participate in the Energy Commission's review of the project, your questions should be directed to Christopher Meyer at (916) 653-1639 or at cmeyer@energy.state.ca.us. The status of the project, an electronic copy of the AFC, copies of notices, and other relevant documents are also available on the Energy Commission's web site at <http://www.energy.ca.gov/sitingcases/chulavista>.

Sincerely,



Eileen Allen
Siting and Compliance Office Manager

Enclosure