

Memorandum

Date : July 24, 2008
Telephone: (916) 654-4640
File: 08-AFC-4

To: Commissioner James D. Boyd, Presiding Member
Commissioner Arthur H. Rosenfeld, Associate Member

From : **California Energy Commission** Felicia Miller
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Sacramento CA 95814-5512

Subject: **ORANGE GROVE PROJECT (08-AFC-4)**
ISSUES IDENTIFICATION REPORT

DOCKET	
08-AFC-4	
DATE	JUL 24 2008
RECD.	JUL 24 2008

Attached is staff's Issue Identification Report for the Orange Grove Project (08-AFC-4). This report serves as a preliminary scoping document identifying potential issues Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the issues report at the Informational Hearing, Issues Identification and Scheduling Conference to be held on July 29, 2008.

Attachment

cc: Docket (08-AFC-4)
Proof of Service List

PROOF OF SERVICE (REVISED 7/24/08) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 7/24/08

ORANGE GROVE PROJECT

(08-AFC-4)

ISSUES IDENTIFICATION REPORT

July 24, 2008

CALIFORNIA ENERGY COMMISSION

Energy Facilities Siting Division

ISSUES IDENTIFICATION REPORT ORANGE GROVE PROJECT

(08-AFC-4)

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ISSUES IDENTIFICATION REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of potential issues identified in the case thus far. This Issues Identification Report contains a project description, summary of potential issues, and a brief discussion of the project schedule. The staff will address the issues and progress towards resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On June 19, 2008, Orange Grove Energy, L.P. (OGE) filed an Application for Certification (AFC) to construct a simple-cycle power plant in northern San Diego County. The project would have a nominal electrical output of 96 megawatts (MW) with construction planned to start in spring 2009 with a six-month construction period. OGE has proposed the project in response to a San Diego Gas & Electric (SDG&E) Request For Offer for new peaking resources for supporting reliability of the local electricity system. This facility would likely be used during times of maximum demand for electricity such as hot summer intervals. Under an agreement with SDG&E, OGE will lease a site on a larger parcel owned by SDG&E and will be responsible for construction of the plant and an approximately 0.3-mile underground electric transmission line interconnection between the power plant and the existing SDG&E Pala substation. OGE will operate the plant and will have a tolling agreement for generating electrical power for SDG&E.

The generating facility would include two 48 MW GE LM6000 PC SPRINT combustion turbine generators (CTG). Transmission interconnection to the Pala substation will occur within the limits of SDG&E's contiguous parcel and would include a 69 kV underground transmission line interconnection. The project would be fueled by natural gas delivered to the site via a 2.4-mile underground pipeline. SDG&E will own and operate an approximately 0.4 mile segment of the pipeline between an existing SDG&E pipeline and a gas metering station to be constructed. OGE will own and operate the remaining 2.0 miles of pipeline between the metering station and the plant.

The CTGs will be equipped with GE's SPRay-INTercooled (SPRINT) power boost technology to increase output from the plant, requiring water for power augmentation. The power plant will use approximately 12.1 acre-feet per year of tertiary treated wastewater and approximately 21.1 acre-feet per year of fresh water obtained from Fallbrook Public Utility District which will be trucked to the site. Air emissions from the proposed facility would be controlled by using Best Available Control Technology including a water injection system, carbon monoxide catalyst as well as a selective catalytic reduction system that will further reduce emissions.

The proposed project site would occupy 8.5 acres within a 41-acre parcel that is part of a contiguous, approximately 202 acre property owned by SDG&E. The site is located off Pala Del Norte Road, approximately 3.5 miles northeast of I-5 on SR-76, approximately two miles west of the community of Pala and 16 miles east of Fallbrook in a rural area of northern San Diego County. The site and overall property are owned by SDG&E and a lease agreement with OGE for the land to be occupied is being held in escrow. The

property is currently zoned General Agricultural (A72) in the San Diego County general plan which would accommodate the construction of a power plant. An existing SDG&E Pala Substation is located on a contiguous SDG&E parcel south of the project site. The site is occupied by a citrus grove which is no longer irrigated or maintained.

POTENTIAL MAJOR ISSUES

This Issues Identification Report contains staff's preliminary findings. The following discussion focuses on issues where staff has concluded that (a) a "potentially significant impact" may occur, (b) resolution of the issue may cause delay in the schedule, and (c) staff has insufficient information at this time to reach a conclusion. The Committee should be aware that this report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns.

This report does not limit the scope of staff's analysis throughout this proceeding, but acts to aid in the analysis of potentially significant issues that the Orange Grove project proposal may pose. The following discussion summarizes the potential issues, identifies the parties needed to resolve the issues and, where applicable, suggests a process for achieving resolution. However, staff does not see these potential issues as insolvable.

The following section contains staff's preliminary findings. The table shows the subject areas and identifies major issues. The final environmental document will provide additional analysis supporting staff's conclusions, descriptions of the recommended mitigation measures and conditions of exemption.

Major Issue	Subject Area
No	Air Quality
No	Alternatives
Yes	Biological Resources
No	Cultural Resources
No	Facility Design
No	Geology / Paleontology Resources
No	Hazardous Materials Management
No	Land Use
No	Noise and Vibration
No	Public Health
No	Reliability / Efficiency
Yes	Socioeconomics
No	Soil & Water Resources
Yes	Traffic & Transportation
No	Transmission Line Safety & Nuisance
No	Transmission System Engineering
No	Visual Resources / Plume
No	Waste Management
No	Worker Safety & Fire Protection

BIOLOGICAL RESOURCES

Staff reviewed the application for the Orange Grove Project and found potential issues that could delay the Commission review process.

Impacts to Special Status Species

The applicant has completed the requisite surveys for special status species, and has submitted final reports for all but one of those surveys. Breeding territories of Coastal California gnatcatcher (federal endangered) and least Bell's vireo (federal and state endangered) were observed in close proximity to proposed linear facilities. Other special concern but unlisted species (Parry's tetracoccus, Englemann oak, San Diego horned lizard, northern red diamond rattlesnake, rufous-crowned sparrow, loggerhead shrike) occur in or near the proposed project site or linear facilities.

The applicant met with U.S. Fish and Wildlife Service (USFWS) on May 27, 2008 and apparently provided a verbal description of the sensitive species present at the site and the proposed impact minimization measures. However, at the time of the meeting USFWS had not reviewed the AFC, the survey results, or any documentation about the Orange Grove project. Furthermore, apparently the only contact with CA Department of Fish and Game (CDFG) has been to discuss the proposed Streambed Alteration Agreement. There is no indication in the AFC or the recently filed Supplement that the applicant has discussed the least Bell's vireo findings or any other special status species issues with the CDFG biologist who will be working on this project.

Impact minimization measures for special status species, which include avoiding construction in sensitive areas during the nesting season and horizontal directional drilling rather than trenching in riparian areas, are described in the AFC. The applicant believes that these measures are sufficient to avoid a Section 10 consultation with the USFWS and CDFG permit requirements and have tailored their schedule accordingly. However, the discussion of these measures in the AFC is not sufficiently clear or detailed to provide assurances to staff that impacts can be avoided, and the USFWS and CDFG have not reviewed these measures or provided confirmation that they are sufficient to preempt a lengthy permitting process.

Staff believes that these special status species issues can be resolved with more detailed information on the proposed impact minimization measures and close coordination with USFWS and CDFG. However, this resolution and agency coordination needs to happen as soon as possible to avoid delays in the schedule.

SOCIOECONOMICS

The AFC states that the project site will be annexed to the North County Fire Protection District (NCFPD) and that the District has agreed to provide fire and emergency medical services to the project site. Subsequent to the filing of the AFC, the applicant has indicated that the project site may not be annexed to the NCFPD and that other

arrangements for off-site emergency medical services will be made. Should the applicant be unable to make those arrangements and require the services of the NCFPD, the project would trigger the need the expansion of the NCFPD service boundary to bring fire protection and emergency medical services to the project site. Without the project, the annexation or extension of service district boundaries would not be necessary.

Local boundary changes are considered projects subject to environmental impact review under the California Environmental Quality ACT (CEQA). The San Diego County Local Agency Formation Commission (LAFCO) would be required to follow CEQA when approving discretionary actions such as the service boundary extension triggered by the project. For an extension of service district boundaries to be considered, the NCFPD or the property owner of the parcel where the Orange Grove project is proposed to be constructed would need to submit an application to LAFCO. Currently, LAFCO has not received an application.

As with other projects that have required a discretionary action on the part of a local agency, LAFCO would rely on the Energy Commission's document to complete its environmental review of the proposed boundary extensions. If the Preliminary Staff Assessment/Final Staff Assessment (PSA/FSA) prepared by the Energy Commission does not address LAFCO issues, LAFCO would be required under CEQA to do their own environmental review, which would add considerable time to the Energy Commission's siting process and delay the project.

For LAFCO's purposes, affected technical areas would need to ensure that all proposed boundary changes are thoroughly reviewed. An analysis of cumulative and regional impacts, growth inducement, the ability of affected agencies to provide the services, and the efficiencies of service delivery would be required in a PSA/FSA if our document is to be useful for LAFCO. In addition, we would also evaluate the fiscal impact of imposing additional fire protection responsibility upon the NCFPD. Any degradation of current emergency service levels that could result from the Orange Grove Project must be addressed and mitigated.

TRAFFIC & TRANSPORTATION

There is a potential issue with the proposed water truck delivery option related to local road impacts, particularly State Route 76 which is very winding and narrow in the project vicinity. Staff is gathering information to determine if water truck deliveries (i.e., approximately 2 truck trips per hour) could increase congestion and/or result in a potentially hazardous traffic safety impact.

SCHEDULING

The siting case load is currently very high (i.e., 23 active projects currently under review) and at least three new AFCs are expected to be filed within the next 90 days. Although the Orange Grove Project is currently on schedule, given the high staff workload and uncertain timing for Orange Grove issue resolution, we anticipate difficulty in meeting the dates presented below from the Committee's June 26, 2008 Order. At this time, staff does not have specific recommendations for schedule revisions. Staff is currently drafting data requests. The timing for issue resolution and thus the ability to meet the schedule will be more certain after staff has evaluated the applicant's data responses, any disputed issues and assessed its overall workload for fall 2008. We will update the parties on the staff's ability to meet specific dates in the first status report

**ENERGY COMMISSION
COMMITTEE SCHEDULE
Orange Grove Project
(08-AFC-4)**

EVENT	DATE
Application for Certification filed	6/19/08
First Business Meeting (Data Adequacy)	7/16/08
Issues Identification Report provided by Staff	7/23/08
Informational Hearing, Issues Identification and Scheduling Conference	7/29/08
Staff provides data requests to Applicant	8/1/08
Applicant submits data responses	Before 9/1/08
Data response and issue resolution workshop	9/11/08
Status Report #1 (Possible Status Conference)	9/15/08
PSA/FSA published	Before 11/3/08
PSA/FSA workshop	11/17/08
Pre-Hearing Conference Statement	11/25/08
Pre-Hearing Conference	12/1/08
Parties file Statement of Agreed Upon Facts and Issues, Witness Lists, Written Testimony, Exhibits List	12/15/08
Evidentiary Hearing Begin	12/19/08
Presiding Members Proposed Decision (PMPD)	2/15/09
Committee Conference on PMPD	3/2/2009
PMPD Adoption Hearing	4/1/2009

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE
STATE OF CALIFORNIA

***APPLICATION FOR CERTIFICATION
ORANGE GROVE POWER
PLANT PROJECT***

**DOCKET No. 08-AFC -4
PROOF OF SERVICE
TEMPORARY
Revised 7/24/08**

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

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DECLARATION OF SERVICE

I, April Albright, declare that on July 24, 2008, I deposited copies of the attached Orange Grove Project (08-AFC-4) Issues Identification Report in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.


April Albright