

CALIFORNIA ENERGY COMMISSION

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

DOCKET ARNOLD SCHWARZENEGGER, Governor	
07-AFC-4	
DATE	SEP 09 2008
RECD.	SEP 09 2008

**NOTICE OF AVAILABILITY****FINAL STAFF ASSESSMENT
FOR THE CHULA VISTA ENERGY UPGRADE PROJECT
APPLICATION FOR CERTIFICATION (07-AFC-4)**

This notice is to inform you of the availability of the Final Staff Assessment (FSA) for MMC Energy, Inc.'s (MMC's) proposed Chula Vista Energy Upgrade Project (CVEUP) Application for Certification (07-AFC-4). The FSA was published electronically on August 28, 2008. Energy Commission staff concludes that with the applicant's proposed mitigation measures and the staff's proposed conditions of certification, the CVEUP would not cause a significant adverse environmental or public health impact and would conform with all applicable laws, ordinances, regulations, and standards (LORS). The Energy Commission staff's findings are summarized as follows:

- The proposed project area is a highly disturbed area with no sensitive biological resources. The proposed laydown areas and linear facilities are similarly developed or barren. Direct impacts to biological resources at the project site are unlikely because of the developed nature of the area. However, construction activities in such close proximity of the Otay River Preserve, a Multiple Species Conservation Program open space and natural preserve area, pose potential indirect impacts to a number of special status species covered under the program. Implementation of the Energy Commission staff's proposed conditions of certification is necessary to avoid or minimize potential indirect impacts to biological resources. The project would not result in take of listed species and no wetlands or other waters of the United States would be directly impacted by the project. The construction and operation of the project would comply with all federal, state, and local laws, ordinances, regulations, and standards relating to biological resources if staff's conditions of certification are adopted and implemented.
- The proposed CVEUP, with the effective implementation of the recommended condition of certification, would be consistent with the applicable laws, ordinances, regulations, and standards pertaining to local land use planning and would not generate a significant impact under the California Environmental Quality Act (CEQA) guidelines with respect to the act's Appendix G issues, "Land Use and Planning" and "Agriculture Resources." Energy Commission staff believes that the proposed project is consistent with the current development pattern for the area established by the Chula Vista General Plan, Municipal Code, and Southwest Area Redevelopment Plan. In addition, the proposed Chula Vista Energy Upgrade Project would be compatible with existing on-site or nearby uses, as it is consistent with the general character of these permitted uses and the planned development pattern for the City's Main Street Industrial Corridor.
- The San Diego Air Pollution Control District has determined that the project complies with the appropriate rules and requirements of the District and would not contribute to the degradation of air quality. The applicant has agreed to fund the creation of emission reduction credits through the Carl Moyer Fund, in sufficient quantity to fully

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offset all nonattainment pollutants and their precursors at a minimum ratio of 1:1. The applicant has also agreed to fund, separate from this CEQA process, an additional project mitigation program that would be paid to and administered by the City of Chula Vista.

- Staff evaluated the global climate change and greenhouse gas (GHG) emissions from the project. The CVEUP would replace a less efficient existing facility with lower emissions of carbon dioxide per megawatt hour. The project, as a peaking project with an enforceable operating limitation less than 60 percent of capacity, is not subject to the requirements of Senate Bill 1368 and the Emission Performance Standard. Staff recommends reporting of the GHG emissions as the California Air Resources Board develops greenhouse gas regulations and/or trading markets. The project may be subject to additional reporting requirements and GHG reductions as these regulations become more fully developed and implemented.
- The funding and implementation of the City of Chula Vista water conservation project would offset the potable water used for the power plant. Implementation of this water conservation project is consistent with the intent of Article X of the California State Constitution and the Warren-Alquist Act. The use of a municipal water supply for this project would comply with state water policy found in the State Water Resources Control Board (SWRCB) Resolution 75-58, and the Energy Commission's 2003 Integrated Energy Policy Report (IEPR) water policy since recycled water is currently not available in the project area and the cost for delivery is economically unsound. Staff recommends that the applicant evaluate the feasibility of converting to recycled water for the plant's nonpotable water uses if it is found to be available in the area during the life of the project.
- 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 result in downstream transmission impacts as a result of the Special Protection Schemes proposed by the applicant.
- 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.

The FSA contains the Energy Commission staff's environmental and engineering evaluation of the CVEUP and will serve as staff's testimony during evidentiary hearings. The Energy Commission Committee assigned to the CVEUP proceedings will consider and weigh the testimony, comments, or recommendations of all interested parties, including Energy Commission staff, the applicant, interveners, public, and other local, state, and federal agencies, before issuing the Presiding Member's Proposed Decision (PMPD) for consideration by the full Energy Commission. The public, intervenors, and local, state and federal agencies are encouraged to participate in these hearings. The Energy Commission has scheduled a hearing for 3:00 PM on October 2, 2008 at the City Hall Council Chambers, in the City of Chula Vista as announced in a separate notice.

The FSA is available for review at the following local libraries:

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San Diego County Library
El Cajon Branch
201 E. Douglas Avenue
El Cajon, CA 92020

San Diego County Library
Vista Branch
700 Eucalyptus Avenue
Vista, CA 92084

San Diego County Library
Bonita Branch
4375 Bonita Road
Bonita, CA 91902

San Diego State University
Library
5500 Campanile Drive
San Diego, CA 92182

Chula Vista Public Library
Civic Center Branch
365 F Street
Chula Vista, CA 91910

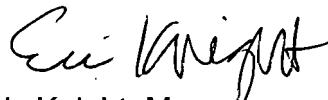
National City Public Library
1401 National City Blvd.
National City, CA 91950

The FSA is also available on the Internet at www.energy.ca.gov/sitingcases/chulavista. However, if you would like a paper copy or CD of the FSA, please fill out the enclosed form and return it to the California Energy Commission, Attention: Maria Sergoyan, Siting Project Secretary, or request one by phone at (916) 651-9410, or by e-mail at msergoya@energy.state.ca.us.

If you desire information on how to participate in the Energy Commission's review of the project, please contact Elena Miller, 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 Christopher Meyer, Energy Commission Project Manager, at (916) 653-1639 or at cmeyer@energy.state.ca.us. The status of the project, an electronic copy of the Application for Certification, the PSA, copies of notices, and other relevant documents are also available on the Energy Commission's web site at www.energy.ca.gov/sitingcases/chulavista.

If you need reasonable accommodation in terms of American Disabilities Act assistance or for language translation, please contact Lourdes Quiroz of the Administrative Services Division at (916) 654-5146, or by e-mail at lquiroz@energy.state.ca.us. News media inquiries should be directed to the Energy Commission's Media and Public Communications Office at (916) 654-4989 or by email at mediaoffice@energy.state.ca.us.

Sincerely,



Eric Knight, Manager
Siting and Docket Office

9-9-08
Date

Enclosure
Mailed to List 7251 – Property Owners

Please send me a paper copy / CD (circle one) of the California Energy Commission staff's Final Staff Assessment for the Chula Vista Energy Upgrade Project (CVEUP) Application for Certification (07-AFC-4).

Name:

Address:

City/State/Zip:

FOLD HERE

California Energy Commission
Attention: Maria Sergoyan
1516 Ninth Street, MS-15
Sacramento, CA 95814-5512

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