

Memorandum

Date: November 5, 2008

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File 08-AFC-6

To: Commissioner Karen Douglas Presiding Member
Vice-Chair James D. Boyd, Associate Member

From: California Energy Commission - Ivor Benci-Woodward
1516 Ninth Street Siting Project Manager
Sacramento, CA 95814-5512

Subject: **WILLOW PASS GENERATING STATION (08-AFC-6)
ISSUES IDENTIFICATION REPORT**

DOCKET	
08-AFC-6	
DATE	<u>NOV 05 2008</u>
RECD.	<u>NOV 05 2008</u>

Attached is staff's Issues Identification Report for the Willow Pass Generating Station Project (08-AFC-6). This report serves as a preliminary scoping document that identifies the issues that Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the issues report at the Informational Hearing and Site Visit to be held on December 18, 2008.

This report also provides a proposed schedule pursuant to the 12-month Application for Certification (AFC) process.

Attachment

cc:
Proof of Service List
Docket 07-AFC-8

WILLOW PASS GENERATING STATION

(08-AFC-6)

ISSUES IDENTIFICATION REPORT

CALIFORNIA ENERGY COMMISSION

Siting, Transmission and Environmental Protection Division

ISSUES IDENTIFICATION REPORT WILLOW PASS GENERATING STATION

(08-AFC-6)

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ISSUES IDENTIFICATION REPORT

California Energy Commission Staff

PURPOSE OF THE REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. These issues have been identified as a result of our discussions with federal, state, and local agencies, and our review of the Willow Pass Generating Station Project Application for Certification (AFC) and the AFC Supplement Docket Number 08-AFC-6. The Issues Identification Report contains a project description, summary of potentially significant environmental and engineering issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On June 30, 2008, the California Energy Commission received an Application for Certification (AFC) from Mirant Willow Pass, LLC to construct and operate the Willow Pass Generating Station (Willow Pass), a natural gas-fired electric power facility designed as a combined cycle generation system capable of producing approximately 550-megawatts (MW).

The proposed project would be located two miles west of the Pittsburg city center in Contra Costa County, California, on Mirant's existing Pittsburg Power Plant property. The proposed project would occupy the southern 23.5 acres of a separate 26-acre parcel. The northern 2.5-acre portion of the parcel is bordered by the Suisun Bay; it would be remediated and used to preserve riparian habitat. The project includes the demolition of four existing, retired Pittsburg Power Plant units and ancillary structures.

The project would use dry cooling technology and recycled water supplied by the Delta Diablo Sanitation District for other cooling purposes and for landscape irrigation. Two water pipelines, approximately five miles in length, would be constructed to bring recycled water from, and return process wastewater to Delta Diablo Sanitation District Water Treatment Plant. Potable water for domestic and sanitary uses would be supplied by the City of Pittsburg via a connection to an existing water line on the Pittsburg Power Plant property. Sanitary waste would be conveyed to Delta Diablo Sanitation District via existing sewer lines. There would be no withdrawals or discharges of process water to Suisun Bay. Mirant Willow Pass, LLC estimates that the proposed project would use 781 acre feet of water per year.

The proposed project would burn pipeline quality natural gas delivered by PG&E via an onsite pipeline that is approximately 2,700 feet long. The pipeline would connect to the existing gas transmission line upstream of the Pittsburg Power Plant metering station.

One single-circuit 230-kV transmission line would be required to deliver the project electrical output to the PG&E transmission grid. The new 230-kV circuit line from the project switch yard to the PG&E switchyard would use six new steel pole structures constructed of weathered or galvanized steel. The structures would be bolted slip-fit or lattice design, 85 to 150 feet tall, with phase conductors that may be arranged horizontally, vertically, or in a delta configuration. One of these structures would be a new 150-foot transmission tower located within the PG&E switchyard. The five remaining structures would consist of new double circuit poles within the Willow Pass site. The transmission line interconnection will be approximately 1,600 feet in length and located along the south side of the units on the Willow Pass site, cross the Pittsburg Power Plant site, to connect directly to the PG&E switchyard.

If approved, Willow Pass would begin construction in the fall of 2009, with commercial operation commencing in the summer of 2012.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. The Committee should be aware that this report might not include all of the significant issues that may arise during the case. Discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report is based on comments of other government agencies and on our judgment of whether any of the following circumstances will occur:

- Potential significant impacts which may be difficult to mitigate;
- Potential areas of noncompliance with applicable laws, ordinances, regulations or standards (LORS);
- Areas of conflict or potential conflict between the parties
- Areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated and notes Biological Resources, Hazardous Materials, Soils and Water Resources as areas where potentially significant issues have been identified. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area.

Major Issue	DRs	Subject Area	Major Issue	DRs	Subject Area
No	Yes	Air Quality	No	Yes	Noise and Vibration
Yes	Yes	Biological Resources	No	Yes	Paleontological Resources
No	Yes	Cultural Resources	No	No	Public Health
No	No	Efficiency and Reliability	No	Yes	Socioeconomics
No	No	Electromagnetic Fields & Health Effects	Yes	Yes	Soils & Water Resources
No	No	Facility Design	No	No	Traffic and Transportation
No	Yes	Geological Resources	No	Yes	Transmission Line Safety
No	Yes	Hazardous Materials	No	No	Transmission System Design
No	No	Worker Safety and Fire Protection	No	No	Visual Resources
No	No	Land Use	Yes	Yes	Waste Management
No	No	Project Overview	No	No	Alternatives

This report does not limit the scope of staff's analysis throughout this proceeding, but it acts to aid in the analysis of the potentially significant issues that the Willow Pass proposal poses. The following discussion summarizes the potential issues, identifies the parties needed to resolve the issues, and where applicable, suggests a process for achieving resolution. At this time, staff does not see these potential issues as non-resolvable.

BIOLOGICAL RESOURCES

Staff reviewed the application for the Willow Pass project and found a potential Biological Resources issue that could delay the Commission review process. The Willow Pass Application for Certification (AFC) states that the water supply and return pipelines will need to be installed by jack and bore drilling to avoid sensitive surface resources. The proposed areas for jack and bore drilling are the drainage channel immediately south of the developed portion of the existing Pittsburg Power Plant, the drainage channel in the Union Pacific Railroad switchyard, and Kirker Creek and an unnamed tributary of Kirker Creek between the Pittsburg-Antioch Highway and the Union Pacific Railroad. The drainage channel, creek, and tributary are wetlands that need to be avoided. The AFC states that a federal Clean Water Act Section 404 permit may need to be obtained from the US Army Corps of Engineers (USACE) for this work. In addition, the applicant may need a Streambed Alteration Agreement from California Department of Fish and Game (CDFG) and a Section 401 Water Quality Certification from the Regional Water Quality Control Board (RWQCB). Energy Commission staff needs to know the status of the USACE Section 404 permit, the CDFG Streambed Alteration Agreement, and the RWQCB Section 401 Water Quality Certification processes to complete its analysis. Staff is drafting data requests regarding the status of these state and federal processes.

SOIL AND WATER RESOURCES

The Willow Pass AFC states that the Delta Diablo Sanitation District (DDSD) has sufficient uncommitted quantities of recycled water to support Mirant's anticipated peak usage of 1.5 million gallons per day at peak flow rate of 1,400 gallons per minute of recycled water. Mirant will maintain an adequate volume of on-site water storage and incorporate other operating flexibility into its plant design to meet the periods of DDSD's highest daily peak demand hours. There is not sufficient information provided in the application for staff to determine if there is adequate water supply or that operating flexibility adopted into its plant design will meet the highest daily peak demand hours that DDSD experiences.

The over-sight requirements of the San Francisco Bay Regional Water Quality Control Board (SFBRWQCB), Department of Public Health (DPH), and the City of Pittsburg for the supply and use of recycled water at the Willow Pass facility could potentially require a new or revised discharge permit be issued to DDSD for the increased effluent that would be discharged to New York Slough.

Within the Application for Certification (Sections 7.14.1.6 and 7.14.2.3), the applicant states that the Willow Pass site and portions of the pipeline route are within the designated 100-year floodplain and that the proposed Willow Pass site will be elevated above the 100-year floodplain to an elevation of approximately 8 to 13 feet above mean sea level. As a requirement for removal of the Willow Pass site from the floodplain an application requesting either a revision or an amendment of the 100-year floodplain map shall be submitted and approved by the National Flood Insurance Program/ Federal Emergency Management Agency. As expected time frames or schedules have not been forwarded by the applicant the above issues could affect the Energy Commission's proposed approval timeline. Staff is working with City of Pittsburg, DDSD, SFBRWQCB, and Mirant's representatives to resolve these issues.

WASTE MANAGEMENT

A Phase I Environmental Site Assessment (ESA) has been performed for the Willow Pass site. AFC pgs 7.13-1, -2 and -3 state that nine areas of the site contain Recognized Environmental Conditions (RECs). At least one Phase II ESA was conducted in 1998 by Fluor Daniel. Staff needs the results of Phase II ESAs for all RECs in order to properly assess the impacts on worker and public health posed by hazardous wastes present on this site and all linear facilities. The above issues could affect the Energy Commission's proposed approval timeline. The Phase II ESA started in 1998 by Fluor Daniel is incomplete, additional testing is required to determine the nature and concentration of containments that may exist in areas proposed for demolition and construction, this could affect the proposed AFC review timeline. Staff is working with the Department of Toxic Substances Control, SFBRWQCB, and Mirant's representatives to resolve these issues.

SCHEDULING

Following is staff's proposed 12-month schedule for key events of the project. Meeting the proposed schedule will depend on: the applicant's timely response to staff's data requests; the timing of the Bay Area Air Quality Management District (BAAQMD)'s filing of the Determination of Compliance; determinations by other local, state and federal agencies; and other factors not yet known. The BAAQMD will be required to provide a Preliminary Determination of Compliance (PDOC) and a Final Determination of Compliance (FDOC). Prior to the publication of the Preliminary Staff Assessment (PSA) staff normally requires a PDOC from the air district, and the FDOC before it publishes the Final Staff Assessment.

STAFF'S PROPOSED SCHEDULE – WILLOW PASS GENERATING STATION (08-AFC-6)

	<u>ACTIVITY</u>	<u>DAY</u>	<u>DATE</u>
1	Applicant files Application for Certification (AFC)	-48	6/30/08
2	Commission's determination that AFC is complete	0	10/08/08
3	Staff files Issue Identification Report	27	11/5/08
4	Staff files data requests	37	11/14/08
5	Applicant provides data responses	66	12/14/08
6	Informational Hearing and Site Visit	70	12/18/08
7	Data response and issue resolution workshop**	69	12/19/08
8	Staff and applicant each file Status Report 1	72	12/20/08
9	Local, state and federal agency draft determinations	93	1/10/09
10	Staff and applicant each file Status Report 2	121	2/07/09
11	Staff files Preliminary Staff Assessment (PSA)	127	2/13/09
12	Local, state and federal agency final determinations	127	2/13/09
13	PSA workshop	141	2/27/09
14	Staff and applicant each file Status Report 3	178	4/07/09
15	Staff files Final Staff Assessment (FSA)	184	4/13/09
16	Prehearing Conference*		TBD
17	Evidentiary hearings*		TBD
18	Committee files proposed decision*		TBD
19	Hearing on the proposed decision*		TBD
20	Committee files revised proposed decision*		TBD
21	Commission Decision	305	est. 9/17/09

* The assigned Committee will determine this part of the schedule.

** Estimated date; depends on parties' availability during holiday interval.



BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
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APPLICATION FOR CERTIFICATION
FOR THE *WILLOW PASS*
GENERATING STATION

Docket No. 08-AFC-6
PROOF OF SERVICE
(Revised 10/24/2008)

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, Hilarie Anderson declare that on November 5, 2008, I deposited copies of the attached 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.

Original Signature in Dockets
Hilarie Anderson