

Memorandum

Date: April 21, 2009
Telephone: (916) 651-0966

To: Karen Douglas, Chairman and Presiding Member
Jeffrey D. Byron, Commissioner and Associate Member

DOCKET
08-AFC-2

From: California Energy Commission – Eric K. Solorio
1516 Ninth Street Project Manager
Sacramento, CA 95814-5512

DATE	04/21/09
RECD.	04/22/09

Subject: **Beacon Solar Energy Project (08-AFC-2) STATUS REPORT #7**

Pursuant to the Committee Scheduling Order dated June 18, 2008, the following is staff's Status Report #7 for the proposed Beacon Solar Energy Project (BSEP).

Recent Activities

On April 1, 2009 staff published its Preliminary Staff Assessment (PSA) for the proposed Beacon Solar Energy Project. On April 14, 2009, staff held a public workshop to discuss the PSA. The workshop was attended by staff, applicant, intervenor CURE, members of the public, and representatives of various local and state entities such as California City, Kern County, Lahontan Water Quality Control Board, Kern County Air Pollution Control District, and the California Department of Fish and Game. Also, several representatives from the U.S. Fish and Wildlife Service participated by phone.

PSA Workshop Highlights

The PSA workshop was productive in that staff and applicant were able to agree on most of the outstanding issues. Based upon the dialogue at the workshop, staff understands that applicant will work to accomplish the following tasks:

1. Suggest language for staff's consideration which could be used to modify certain recommended conditions of certification in the Air Quality section;
2. Submit information for staff's consideration that could potentially show that larger water trucks would lower air emissions compared to using smaller trucks;
3. Revise applicant's ground water model;
4. Develop a reengineered design of the proposed rerouting of Pine Tree Creek;
5. Consider project alternatives such as using degraded ground water as an alternative to using potable water;
6. Reevaluate the feasibility of incorporating a mechanized zero-liquid discharge system;
7. Suggest mitigation measures to reduce impacts to domestic wells;
8. Provide evidence to support applicant's assumption that water does not evaporate from Koehn Lake when water levels fall below land surface;
9. Provide a relocation/translocation plan related to the desert tortoise (federal- and state-listed threatened species);
10. Provide a revised Desert Wash Mitigation and Monitoring Plan;
11. Submit additional data regarding specific on-site archeological sites and
12. Submit final comments on staff's PSA.

As recognized in the Committee Scheduling Order dated June 18, 2008, the primary environmental and policy issue arising from the proposed BSEP has been applicant's proposal to utilize potable water for power plant cooling. During the PSA workshop, while discussing staff's economic feasibility analysis of dry cooling, Mr. Ryan O'Keefe, Vice President of NextEra, agreed that staff's benchmark internal rate of return (11 percent or more) was acceptable. Although applicant disputed the economic feasibility of dry cooling, applicant stated they would utilize dry cooling if NextEra could earn the benchmark internal rate of return (11 percent or more). Staff concluded in the PSA that the BSEP could utilize dry cooling and still meet or exceed the benchmark rate of return – which is consistent with the conclusion of the revenue model provided by applicant.

Although the applicant stated they would utilize dry cooling if they could achieve the benchmark rate of return, as discussed above, the applicant also asserted that if their proposal to use potable water for power plant cooling was not approved by the Commission then the project “would not get built by [NextEra],” and that such a decision by the Commission would be “an effective denial of the [BSEP] project.” Applicant expressed a desire to begin exploring the feasibility of utilizing non-potable water sources.

Staff encourages and supports the new effort by applicant to look for alternative measures to avoid impacts to potable water resources and comply with state water policy. Staff wishes to inform the Committee that completion of the Final Staff Assessment will be delayed while applicant considers the feasibility of utilizing non-potable water for power plant cooling, and while applicant completes other work items, as previously discussed. Applicant expects to complete their remaining work items by May 29, 2009. As such, staff proposes a revised project schedule for consideration by the Committee.

Staff's proposed schedule is on the following page.....

**STAFF'S PROPOSED SCHEDULE
 BEACON SOLAR ENERGY PROJECT (08-AFC-2)**

DATE	EVENT
3/14/08	Applicant files Application for Certification (AFC)
5/7/08	Decision on Data Adequacy at the Business Meeting
6/11/08	Informational Hearing and Site Visit
6/17/08	Staff files 1st Round Data Requests
7/17/08	Applicant provides Data Responses (round 1)
7/21/08	Data Response and Issue Resolution Workshop (round 1)
8/8/08	Status Report #1
8/15/08	Staff files Data Requests (round 2, if necessary)
9/3/08	Local, state and federal agency draft determinations, including PDOC from KCAPCD
9/15/08	Applicant provides Data Responses (round 2, if necessary)
9/25/08	Data Response and Issue Resolution Workshop (round 2)
9/30/08	Staff files Status Report #2
11/06/08	Data Response and Issue Resolution Workshop (round 2)
11/21/08	Staff files Status Report #3
12/29/08	Staff files Status Report #4
2/11/09	Staff files Status Report #5
3/05/09	Local, state and federal agency final determinations, including FDOC from KCAPCD
3/09/09	Staff files Status Report #6
4/01/09	Preliminary Staff Assessment (PSA) filed
4/14/09	PSA workshop
4/21/09	Staff files Status Report #7
6/23/09	Final Staff Assessment filed (based upon applicant providing outstanding information by May 29, 2009)
TBD	Pre-Hearing Conference

Proof of Service List
 Docket



**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV**

APPLICATION FOR CERTIFICATION
For the *BEACON SOLAR ENERGY*
PROJECT

Docket No. 08-AFC-2

PROOF OF SERVICE

(Revised 2/9/09)

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DECLARATION OF SERVICE

I, Maria Santourdjian, declare that on April 22, 2009, I served and filed copies of the attached Beacon Solar Energy Project (08-AFC-2) Status Report #7. The original document, filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at: **[www.energy.ca.gov/sitingcases/beacon]**. The document has been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

(Check all that Apply)

FOR SERVICE TO ALL OTHER PARTIES:

- sent electronically to all email addresses on the Proof of Service list;
- by personal delivery or by depositing in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list above to those addresses **NOT** marked "email preferred."

AND

FOR FILING WITH THE ENERGY COMMISSION:

- sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (***preferred method***);

OR

- depositing in the mail an original and 12 paper copies, as follows:

CALIFORNIA ENERGY COMMISSION

Attn: Docket No. 08-AFC-4
1516 Ninth Street, MS-4
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I declare under penalty of perjury that the foregoing is true and correct.

Original Signature in Dockets
Maria Santourdjian