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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

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Via Electronic & U.S. Mail

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To Whom it May Concern:

Notice of Availability of the Draft Environmental
Impact Statement/Staff Assessment for the Chevron Energy Solutions/Solar
Millennium Palen Solar Power Plant and Possible California Desert Conservation
Area Plan Amendment; CEC Docket No. 09-AFC-7, BLM Docket No. CACA 48810

The Metropolitan Water District of Southern California (Metropolitan) reviewed the Draft Environmental Impact Statement/Staff Assessment (collectively, "DEIS") for the Chevron Energy Solutions/Solar Millennium Palen Solar Power Plant and Possible California Desert Conservation Area Plan Amendment (Project). The U.S. Bureau of Land Management (BLM) is the lead agency under the National Environmental Policy Act (NEPA) for the DEIS and the California Energy Commission (CEC) is the lead agency (for licensing thermal power plants 50 megawatts and larger) under the California Environmental Quality Act (CEQA) and has a certified regulatory program under CEQA. Under its certified program, CEC is exempt from having to prepare an environmental impact report. Its certified program, however, requires environmental analysis of the project or a "staff assessment," including an analysis of alternatives and mitigation measures to minimize any significant adverse effect the project may have on the environment.

Metropolitan is pleased to submit comments for consideration by BLM and CEC during the public comment period for the DEIS and staff assessment.¹ In sum, Metropolitan provides these comments to ensure that any potential impacts on its facilities in the vicinity of the Project and on the Colorado River water resources are adequately addressed.

Background

¹ Comments on the DEIS and Revised Staff Assessment are due July 1, 2010 per the Federal Register notice. 75 Fed. Reg. 16786 (April 2, 2010). This comment deadline applies to the CEC's Revised Staff Assessment anticipated to be issued June 18, 2010 regardless of whether it is finalized separately from BLM's DEIS as the relevant comment periods may not be reduced or altered retroactively.

Metropolitan is a public agency and regional water wholesaler. It is comprised of 26 member public agencies serving more than 19 million people in six counties in Southern California. One of Metropolitan's major water supplies is the Colorado River via Metropolitan's Colorado River Aqueduct (CRA). Metropolitan holds an entitlement to water from the Colorado River. The CRA consists of tunnels, open canals and buried pipelines. CRA-related facilities also include above and below ground reservoirs and aquifers, access and patrol roads, communication facilities, and residential housing sites. The CRA, which can deliver up to 1.2 million acre-feet of water annually, extends 242 miles from the Colorado River, through the Mojave Desert and into Lake Mathews. Metropolitan has five pumping plants located along the CRA, which consume approximately 2,400 gigawatt-hours of energy when the CRA is operating at full capacity.

Concurrent with its construction of the CRA in the mid-1930s, Metropolitan constructed 305 miles of 230 kV transmission lines that run from the Mead Substation in Southern Nevada, head south, then branch east to Parker, California, and then west along Metropolitan's CRA. Metropolitan's CRA transmission line easements lie on federally-owned land, managed by BLM. The transmission lines were built for the sole and exclusive purpose of supplying power from the Hoover and Parker projects to the five pumping plants along the CRA.

Metropolitan's ownership and operation of the CRA and its 230 kV transmission system is vital to its mission to provide Metropolitan's 5,200 square mile service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Project Understanding

Solar Millennium LLC and Chevron Energy Solutions, the joint developers of this project, propose to construct, own, and operate the Palen Solar Power Project. The Project is a concentrated solar thermal electric generating facility with two adjacent, independent, and identical solar plants of 250 megawatt (MW) nominal capacity each for a total capacity of 500 MW nominal.

The Project will utilize solar parabolic trough technology to generate electricity. With this technology, arrays of parabolic mirrors collect heat energy from the sun and refocus the radiation on a receiver tube located at the focal point of the parabola. A heat transfer fluid (HTF) is heated to high temperature (750 degrees Fahrenheit) as it circulates through the receiver tubes. The heated HTF is then piped through a series of heat exchangers where it releases its stored heat to generate high-pressure steam. The steam is then fed to a traditional steam turbine generator where electricity is produced.

The project water needs would be met by use of groundwater pumped from one of two wells on the plant site. Water for domestic uses by project employees would also be provided by onsite groundwater treated to potable water standards. During construction, the Project proponent anticipates using up to 1,500 acre-feet of water. Following construction and for long-term

operations, the average total annual water usage for all four units combined is estimated to be about 300 acre-feet per year (afy).

The project site would be located approximately 10 miles east of Desert Center, along Interstate 10 approximately halfway between the cities of Indio and Blythe, in Riverside County, California. An application has been filed with BLM for a right-of-way (ROW) grant of approximately 5,200 acres.

Land Use Issues: Potential Impacts on Metropolitan Facilities

Although Metropolitan has not yet identified any direct impacts, the Project is in the general vicinity of Metropolitan facilities, perhaps as close as 0.3 miles. As described above, Metropolitan currently has a significant number of facilities, real estate interests, and fee-owned rights-of-way, easements, and other properties (Facilities) located on or near BLM-managed land in southern California that are part of our water distribution system. Metropolitan is concerned with potential direct or indirect impacts that may result from the construction and operation of any proposed solar energy project on or near our Facilities. In order to avoid potential impacts, Metropolitan requests that the final EIS and staff assessment include an assessment of potential impacts to Metropolitan's Facilities with proposed measures to avoid or mitigate significant adverse effects.

Metropolitan is also concerned that locating solar projects near or across its electrical transmission system could have an adverse impact on Metropolitan's electric transmission-related operations and Facilities. From a reliability and safety aspect, Metropolitan is concerned with development of any proposed projects and supporting transmission systems that would cross or come in close proximity with Metropolitan's transmission system. Metropolitan requests that the final EIS and staff assessment analyze and assess any potential impacts to Metropolitan's transmission system.

Water Resources: Potential Impacts on Colorado River and Local Water Supplies

Metropolitan is also concerned about the Project's potential direct and cumulative impacts on water supplies, specifically potential impacts on Colorado River and local groundwater supplies. As noted above, Metropolitan holds an entitlement to imported water supplies from the Colorado River. Water from the Colorado River is allocated pursuant to federal law and is managed by the Department of the Interior, Bureau of Reclamation (USBR). In order to lawfully use Colorado River water, a party must have an entitlement to do so. *See* Boulder Canyon Project Act of 1928, 43 U.S.C. §§617, et seq.; *Arizona v. California*, 547 U.S. 150 (2006).

As noted above, the Project proposes to use approximately 1,500 af of water during construction and 300 acre-feet per year (afy) for long-term operations, using groundwater from a groundwater basin that is hydrogeologically connected to the Colorado River, within an area referred to as the "accounting surface." The extent of accounting surface area for the Colorado River was determined by the U.S. Geological Survey (USGS) and USBR as part of an on-going rule-making process. *See* Notice of Proposed Rule Regulating the Use of the Lower Colorado River

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Without an Entitlement, 73 Fed. Reg. 40916 (July 16, 2008); USGS Scientific Investigation Report No. 2008-5113. To the extent the Project uses Colorado River water, it must have a documented right to do so.

Entities in California are using California's full apportionment of Colorado River water, meaning that all water is already contracted and no new water entitlements are available in California. In addition, the California contractors have agreed in the 1931 Seven Party Agreement to prioritize the delivery of California's Colorado River water among themselves. Under this priority agreement, the following alternatives identified in SOIL&WATER-15 are no longer available to Proponents to mitigate impacts to Colorado River water resources:

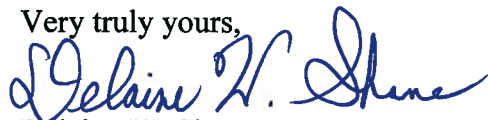
The [mitigation] activities shall include the following water conservation projects: payment for irrigation improvements in Palo Verde Irrigation District, payment for irrigation improvements in Imperial Irrigation District, purchase of water rights within the Colorado River Basin that will be held in reserve, and/or BLM's Tamarisk Removal Program.

Instead, Proponents would have to obtain water from the existing junior priority holder, Metropolitan, which has the authority to sell water for power plant use. Mitigation measure SOIL&WATER-15 should be revised accordingly. Metropolitan is willing to discuss the exchange of a portion of its water entitlement subject to any required approvals by Metropolitan's Board of Directors and so long as the Proponents agree to provide a replacement supply through an agreement with Metropolitan. Proponents must fully address the impacts on Colorado River water resources and provide full mitigation for such impacts, including replacement of supply.

Additionally, CEC and BLM should assess the potential cumulative impacts of the use of the scarce Colorado River and local groundwater supplies in light of other pending renewable energy projects within the Colorado River Basin and the local groundwater regions. Metropolitan requests that the final EIS and staff assessment address the Proponent's water supply and any potential direct or cumulative impacts from this use.

We appreciate the opportunity to provide input to your planning process and we look forward to receiving future environmental and related documentation on this project. If we can be of further assistance, please contact Dr. Debbie Drezner at (213) 217-5687.

Very truly yours,



Delaine W. Shane
Manager, Environmental Planning Team

DSD/dsd

(Public Folders/EPT/Letters/EPT Final Letter PDF/2010/15-JUN-10B.doc)

Enclosures: Map

- MWD Transmission Line
- BLM Furnished ROW
- MWD Fee Property
- MWD Easement

NextEra Genesis - Ford Dry Lake

Chevron Energy - Palen



Chevron Energy - Blythe

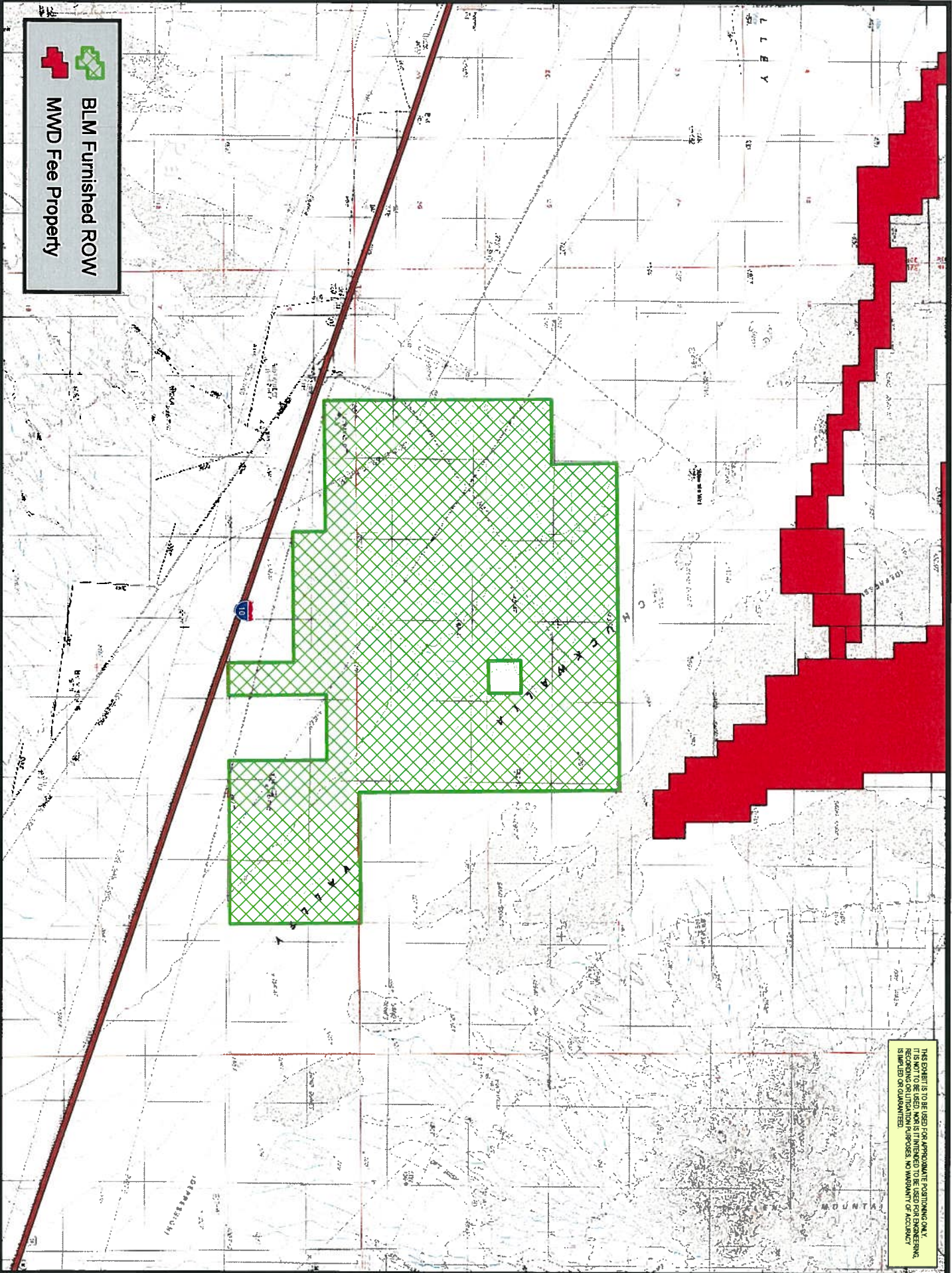
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Renewable Energy Projects

MWD Right of Way



 BLM Furnished ROW
 MWD Fee Property



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Renewable Energy Projects
Chevron Energy - Palen

