

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

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| 02-AFC-2C | |
| DATE | FEB 02 2011 |
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| In the Matter of: |) |
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| BLACK ROCK 1, 2, AND 3 GEOTHERMAL POWER PLANT |) Docket No. 02-AFC-2C |
| |) Order No. |
| CE OBSIDIAN ENERGY, LLC | ORDER APPROVING a Petition to Revise the Salton Sea Unit 6 Geothermal Power Plant to Become the Black Rock 1, 2, and 3 Geothermal Power Plant |

CE Obsidian Energy, LLC, a subsidiary of California Energy Company and owner of the licensed but unconstructed Salton Sea Unit 6 Geothermal Power Plant (SSU6), has requested to modify the Commission Decision approving construction and operation of the SSU6 to become the Black Rock 1, 2, and 3 Geothermal Power Plant (BR123). CE Obsidian requests authorization to redesign the facility as three individual 53 MW, single-flash geothermal units, for a total of 159 MW net generating capacity, rather than the licensed single 215 MW, multiflash unit. The modifications would in general reduce impacts to the environment compared to the licensed project, while providing flexibility to CE Obsidian Energy to develop the renewable resource in stages over a 5 year construction period.

STAFF RECOMMENDATION

Energy Commission staff reviewed the petition and finds that it complies with the requirements of Title 20, section 1769(a) of the California Code of Regulations. Staff recommends approval of CE Obsidian Energy, LLC's petition to modify the SSU6 Project to become the BR123 Project, and amend related Conditions of Certification.

ENERGY COMMISSION FINDINGS

Based on staff's analysis, the Energy Commission concludes that the proposed changes will not result in any significant impact to public health and safety, or the environment. The California Energy Commission (Energy Commission) public review process has been certified as a CEQAequivalent, and therefore satisfies CEQA requirements. The Energy Commission finds that:

- The petition meets all the filing criteria of section 1769(a) concerning post-certification project modifications.
- The modification will not change the findings in the Energy Commission's Final Decision pursuant to section 1755.

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- The project will remain in compliance with all applicable laws, ordinances, regulations, and standards, subject to the provisions of Public Resources Code section 25525;
- The change will be beneficial to the public because it will significantly decrease environmental impacts compared to the licensed project.
- The modification was requested based on a substantial change in circumstance since the original SSU6 was approved, primarily related to availability of machinery and financing for geothermal power projects. Demand for electric generation services, including ancillary services, has increased substantially since the original project was approved. Conversion to three individual units will allow CE Obsidian Energy to better respond to the market demand for various generating services in coming years.

CONCLUSION AND ORDER

The Energy Commission hereby adopts the staff's recommendation and approves CE Obsidian Energy, LLC's Petition to Amend. The Energy Commission's Final Decision is hereby amended to allow construction and operation of the Black Rock 1, 2, and 3 Geothermal Power Plant. Energy Commission staff will henceforth provide adequate monitoring of all conditions and measures set forth in the final decision required to mitigate potential impacts and to assure that the facility has been constructed and is operated in compliance with the conditions of certification as set forth in the Energy Commission's Final Decision.

IT IS SO ORDERED.

Date: February 2, 2011

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

KAREN DOUGLAS Chairman