

STATE OF CALIFORNIA
Energy Resources Conservation
And Development Commission

DOCKET	
08-AFC-9	
DATE	MAY 18 2011
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In the Matter of:

Application for Certification
For the Palmdale Hybrid Power Project

Docket No. 08-AFC-9

**Energy Commission Staff's Response to the May 2, 2011 Letter from the
City of Lancaster**

On May 10, 2011, the Committee requested that parties respond to the letter submitted by the City of Lancaster on May 2, 2011, raising numerous concerns with the Energy Commission's consideration of the application for certification of the Palmdale Hybrid Power Project. While staff is sympathetic to the City's concerns about future development in the area, Staff does not believe the City of Lancaster (City) raises any issues of fact or law that have not been previously addressed by the parties or that are required to be considered by the Energy Commission pursuant to the Warren-Alquist Act or implementing regulations, the California Environmental Quality Act (CEQA), or any applicable laws, ordinances, regulations, or standards. The City's letter appears to make several arguments with regard to the Palmdale Hybrid Power Project (PHPP or project): 1) the potential for cumulative impacts from the project was not adequately analyzed; 2) staff has failed to consider the potential non-environmental impacts to other entities or to the regional economy resulting from the project's use of scarce emission offsets; and 3) that the federal Clean Air Act (CAA) air permitting program delegated to the Antelope Valley Air Quality Management District (AVAQMD) is inadequate or would be inappropriately administered to address the issue of subsequent permit applications.

Staff, applicant, and the local air district conducted a thorough cumulative impacts analysis and included all reasonably foreseeable projects (FSA 4.1-37 to 39.) The City provides no evidence beyond speculation indicating that expansion of Plant 42 or the Northrop Grumman, Lockheed Martin, or Boeing facilities is currently being planned, meets the criteria of being a reasonably foreseeable project pursuant to CEQA, is "predictable," or that such an expansion would even emit air pollutants. Despite the City's assertion to the contrary, staff did analyze the project's daily maximum 1-hour impact for nitrogen dioxide (NO₂), including

the recently-adopted federal NO₂ standard, and concluded that the project would not result in any significant cumulative air quality impacts. (FSA 4.1-40.)

Even if the expansion of Plant 42 or other facilities were to be contemplated in the future, it is not certain that the resulting emissions would be considered cumulatively considerable, thus preventing these facilities from expanding. Since direct air quality impacts are localized or near-field and plumes tend to not overlap, air quality impacts of multiple projects are generally not cumulatively significant. Therefore, unless the expansion was immediately adjacent (both temporally and spatially) to the PHPP, the increment calculated for the new project would not be overly impacted by PHPP emissions. Additionally, it is not appropriate to assume that the worst case modeled air impacts for the PHPP become the new background ambient air quality levels, but rather the background air quality levels will be affected by both the PHPP emissions and mitigation. The next emission source to be permitted in AVAQMD will determine impacts based on source specific emission information and air district ambient air quality monitoring data, not the worst case modeling results from PHPP. The expansion of any of these facilities is speculative at this time and, thus, not suitable for inclusion in staff's cumulative impacts analysis.

The second argument appears to be the City's main concern: the use of particulate matter less than 2.5 microns (PM_{2.5}) emission reduction credits by PHPP to offset its emissions, coupled with the recent United States Environmental Protection Agency (U.S. EPA) Prevention of Significant Deterioration (PSD) rule, could make it difficult for existing entities wishing to expand in the future to obtain the necessary air quality offsets, given the scarce availability of such offsets generally. The project, however, is not proposing to use PM_{2.5} emission reduction credits to offset its PM_{2.5} emissions. Staff and the air district have concluded that because the air basin is in attainment/not classified for PM_{2.5}, no such offsets are required. Even if the project were proposing to use such offsets, however, there is no requirement that an agency analyze such a potentiality under CEQA or any other statute and staff does not believe such an analysis would be useful in determining whether to grant PHPP a permit. It is unclear to what extent Plant 42 or the other facilities mentioned by the City may expand in the future and to what extent they would need air quality offsets in order to do so. Any attempt to quantify this would be speculative and unlikely to lead to any productive discussion or analysis of the matter.

To staff's knowledge, consideration of the future availability of offsets for the use of other entities is not an area of inquiry the Energy Commission has previously engaged in and staff does not believe the facts warrant doing so here. With regard to the NO₂ modeling results discussed above, it is not appropriate to assume that the worst case modeled PM_{2.5} impacts for the PHPP become the new background ambient air quality levels, but rather the background air quality levels will be affected by both the PHPP emissions and mitigation. The next emission source to be permitted in AVAQMD will determine its impacts based on source specific emission information and air district ambient air quality monitoring data, not the worst case modeling results from PHPP.

Third, the request for suspension of this permit process implies that the City believes that the local air district is incapable of processing subsequent air permits to address local and regional air quality concerns. Staff is confident that our cumulative analysis correctly addresses impacts from this project and other reasonably foreseeable projects. Further, staff is confident that as other applications are formalized and filed with the air district, the New Source Review program as diligently administered by the AVAQMD will provide subsequent applicants a comprehensive and timely review while protecting ambient air quality and public health. Additionally, it is unclear how suspending review of the project would lead to any useful information; there is absolutely no indication that an expansion of Plant 42 or any of the other facilities mentioned in the City's letter is even in the planning stage, or far enough along to provide anticipated emissions that could possibly form the basis of any additional analysis.

For these reasons, staff does not believe suspending the PHPP review to further investigate these issues is required by law, would not result in any analysis of use in determining whether or not to grant PHPP a permit, nor would a delay provide any additional protection of ambient air quality and public health not already provided by a final Commission Decision based on staff's analysis and recommended mitigation measures or implementation of the air district's program.

Dated: May 18, 2011

Respectfully submitted,

/s/

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