

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA**

Application for Certification for the
San Gabriel Generating Station

Docket No. 07-AFC-2

DOCKET

07-AFC-2

DATE Dec. 29 2011

RECD. Dec. 29 2011

**SAN GABRIEL POWER GENERATION, LLC
SUSPENSION STATUS REPORT NUMBER 10**

December 29, 2011

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**SAN GABRIEL POWER GENERATION, LLC
SUSPENSION STATUS REPORT NUMBER 10**

In accordance with the Committee Order Suspending Proceeding dated June 8, 2011, the applicant in this proceeding, San Gabriel Power Generation, LLC (“San Gabriel”), submits its suspension status report number 10. San Gabriel is seeking certification for the San Gabriel Generating Station, a 696 megawatt natural gas-fired electricity generating facility to be located in Rancho Cucamonga, California within the jurisdiction of the South Coast Air Quality Management District (“SCAQMD”).

San Gabriel requested the current suspension of this proceeding in a Request for Additional Project Suspension dated April 27, 2011 (“Suspension Request”). San Gabriel requested the suspension due to permitting difficulties associated with the unavailability within the SCAQMD of certain emission offsets needed to satisfy applicable SCAQMD rules. As explained in the Suspension Request, the “Priority Reserve” credits that San Gabriel originally intended to access are not currently available, and it is therefore necessary to pursue alternative sources of emission offsets for the project. Unfortunately there are few options for power plants in the South Coast Air Basin, a problem that the Legislature recognized in Assembly Bill 1318 (“AB 1318”). AB 1318 requires the California Air Resources Board (“CARB”), in consultation with this Commission, the California Public Utilities Commission (“CPUC”), the California Independent System Operator Corporation (“CAISO”), and the State Water Resources Control Board, to prepare a report for the Governor and Legislature that evaluates the electrical system reliability needs of the South Coast Air Basin. The report is to include recommendations for meeting those reliability needs while ensuring compliance with state and federal law. If additional fossil fueled electricity generation facilities are needed, the report is to include recommendations for long-term emission offsets availability and options to ensure sustainable permitting of additional needed capacity. This requirement reflects the unavailability of emission offsets for power plants under SCAQMD’s current program, and recognizes that acquiring offsets from other sources is, as stated in the draft AB 1318 work plan, “a challenging

task given the scarcity and exorbitant price of private market emission reduction credits in the SCAQMD.”

Since filing the Suspension Request, San Gabriel has continued to monitor activities and participate in venues related to the emission offsets issue. GenOn Energy, Inc. (“GenOn”), of which San Gabriel is an indirect wholly owned subsidiary, participated in the public workshop related to AB 1318 and submitted written comments. The latest update from the lead agency, CARB, indicates that CARB and its multi-agency working group are awaiting completion of a CAISO system reliability study to be completed in late 2011. CARB states that it will hold an AB 1318 public workshop after it receives the CAISO study. GenOn also participated in a SCAQMD New Source Review Workshop on November 15, 2011, which addressed the emission offsets issue and possible solutions.

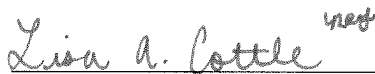
GenOn also has been monitoring the progress of a CAISO study expected to identify electric system reliability impacts as a result of implementing the State Water Resources Control Board Once-Through Cooling Policy and the requirement for load serving entities to meet a 33% renewables portfolio standard by 2020. The CAISO study is expected in early 2012.

Additionally, GenOn has been participating in the CPUC’s current Long Term Procurement Plan (“LTPP”) proceeding, where progress is expected to continue during 2012 with an evaluation of the results of the CAISO study, possibly culminating in a finding that new flexible generating capacity will be needed by the end of 2020. The LTPP process may lead to competitive solicitations that provide power contracting opportunities that would support development of the San Gabriel project.

San Gabriel continues to believe that the San Gabriel project is well suited to meet the electric reliability needs of Southern California while supporting the goals of AB 32 and the integration of new intermittent resources built to meet the State’s 33% renewables portfolio standard. The project also offers benefits associated with the use of an existing power plant site.

December 29, 2011

Respectfully submitted,

 Lisa A. Cottle

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DECLARATION OF SERVICE

I, Sallie Lopes, declare that on December 29, 2011, I served and filed copies of the attached *San Gabriel Power Generation, LLC Suspension Status Report Number 10*. The original document filed with the Docket Unit is accompanied by a copy of the most recent Proof of Service list, located at the web page for this project at <http://www.energy.ca.gov/sitingcases/sangabriel/index.html>. 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:

- For service to all other parties: Sent electronically to all email addresses on the Proof of Service list; and by depositing in the United States mail at San Francisco, California with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list above to those addresses **NOT** marked as "email preferred."

AND

- For filing with the Energy Commission: Sent an original paper copy and one electronic copy, via Federal Express and email respectively, to the address below:

CALIFORNIA ENERGY COMMISSION

Attn: Docket 07-AFC-2
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

I declare under penalty of perjury that the foregoing is true and correct.



Sallie Lopes



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APPLICATION FOR CERTIFICATION
FOR THE **SAN GABRIEL**
GENERATING STATION

Docket No. 07-AFC-2

PROOF OF SERVICE
(Revised 7/18/2011)

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