



California Energy Commission

DOCKETED

12-AFC-02

TN # 69206

JAN. 22 2013

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January 22, 2013

VIA EMAIL

The Honorable Andrew McAllister, Presiding Member
The Honorable Karen Douglas, Associate Member
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

**Re: Huntington Beach Energy Project (12-AFC-02)
Applicant's Status Report**

Dear Commissioners:

In the Committee's October 1, 2012 Scheduling Order, the parties to the Huntington Beach Energy Project ("HBEP") Application for Certification ("AFC") proceeding were informed that status reports would be requested from time to time to inform the Committee, among other things, "whether or not case development is progressing satisfactorily, and bring potential schedule delays and other relevant matters to the Committee's attention." On January 11, 2013, Hearing Officer Raoul Renaud directed the parties to submit status reports to the Committee on or before January 23, 2013 to discuss the progress of the case.

The AFC for HBEP is the first step toward bringing this important regional energy project online to meet and provide critical energy and contingency reserve for the western Los Angeles Basin local reliability. HBGS Units 1 and 2 will be permanently shut down once HBEP construction is completed. As such, HBEP will ensure the long-term viability of electrical generation at this existing and vital generation location. Applicant AES Southland Development, LLC ("Applicant") is working diligently with Commission Staff, local agencies, and the public to make certain any questions or concerns raised are addressed. While some questions and concerns have been raised in several issue areas, these issues do not present insurmountable hurdles for CEC approval of HBEP.



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I. STATUS SUMMARY, CURRENT ISSUES, AND ACTIVITIES

A. Data Requests and Responses; Related Workshops

Over the past few months, Commission Staff has issued two sets of Data Requests. Most recently, on January 15, 2013 CEC Soil & Water Resources Staff issued four additional data requests. Applicant has responded to all but the recently docketed Soil & Water Resources requests and a few requests in Staff's second set of requests. In addition, Intervenor Jason Pyle issued one set of Data Requests on November 16, 2012 to which Applicant provided responses on December 13, 2012 and January 17, 2013. Applicant anticipates docketing responses to Staff's outstanding Data Requests on or before February 15, 2013.¹ Applicant also continues to docket, on an ongoing basis, supplemental information and correspondence between the South Coast Air Quality Management District ("SCAQMD"), Commission Staff, and Applicant's consultants regarding air quality issues.

Commission Staff held a Data Request Workshop in Huntington Beach on November 14, 2012. Applicant does not believe that a second Data Request Workshop will be necessary prior to Staff's publication of the Preliminary Staff Assessment ("PSA"), but is amenable to participating in a second workshop should additional discussion be required related to Applicant's responses to all Data Requests.

B. Impediments That Have Arisen or are Anticipated That Could Impact the Existing AFC Schedule

Applicant is committed to the Committee's schedule and looks forward to receipt of the PSA. Applicant has been communicating regularly with SCAQMD staff and, as noted above, docketing such communications in this proceeding at regular intervals. To Applicant's knowledge, SCAQMD's Preliminary Determination of Compliance ("PDOC") publication date remains the same as set forth in the Committee's October 1, 2012 Schedule.

Applicant wishes to apprise the Committee that the SCAQMD recently proposed Rule 1304.1, which would charge qualifying electrical generating facilities utilizing Rule 1304(a)(2) an annual fee for the use of the offset exemption established by Rule 1304. The SCAQMD held a Public

¹ Applicant docketed responses to such requests on various dates including November 2 and December 11, 2012, and January 3, 17, and 22, 2013.



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Consultation Meeting to discuss Proposed Rule 1304.1 on January 10, 2013. The annual fee structure set forth in Proposed Rule 1304.1 is a significant divergence from Applicant's original financing assumptions for HBEP. Applicant is closely following the SCAQMD rulemaking procedure and is evaluating what impact the adoption of Rule 1304.1 as proposed would have on HBEP.

Given that the California Independent System Operator and the CEC have recognized the importance of the existing Huntington Beach Generating Station location in providing energy and contingency reserve for the western Los Angeles Basin Local Reliability Area and northern San Diego County, Applicant urges the Committee to recognize that keeping the HBEP AFC proceeding moving forward pursuant the Schedule proposed herein (*see* Part II, *infra*) is imperative to ensuring the long-term viability of this existing critical generating location. HBEP will provide essential electrical service to the residents of Orange County and Huntington Beach – service that will also fully support and assist California in achieving much greater reliance on intermittent renewable electricity generation sources.

II. PROPOSED SCHEDULE

Applicant has reviewed the Committee's October 1, 2012 schedule and provides the following proposed adjustments to same.

ACTIVITY	DATE (COMMITTEE'S OCTOBER 2012 SCHEDULE)	DATE (APPLICANT'S PROPOSED SCHEDULE)
Application for Certification deemed Data Adequate	08/09/2012	08/09/2012
Staff Filed Issues Identification Report	08/31/2012	08/31/2012
Information Hearing and Site Visit	09/10/2012	09/10/2012
Staff Filed Data Requests, Set 1	09/28/2012	10/02/2012
Applicant Filed Responses to Staff's Data Requests, Set 1	10/28/2012	11/02/2012



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Data Response and Issue Resolution Workshop (Round 1)	11/14/2012	11/14/2012
Staff Filed Data Requests, Set 2	11/28/2012	12/20/2012
Applicant Filed Responses to Staff's Data Requests, Set 2	12/28/2012	01/22/2012*
SCAQMD issues Preliminary Determination of Compliance	01/28/2013	01/28/2013
Applicant Files Additional Responses to Outstanding Staff Data Requests (Sets 2 and 3)	N/A	02/15/2013
Data Response and Issue Resolution Workshop (Round 2) (if necessary)	01/14/2013	02/22/2013
Application Submits Supplemental Information Resulting from Workshop (if necessary)	01/28/2013	03/01/2013
Preliminary Staff Assessment Filed	03/01/2013	03/15/2013
SCAQMD issues Final Determination of Compliance	03/22/2013	03/22/2013
Preliminary Staff Assessment Workshop	03/15/2013	03/28//2013
Comments on PSA Due	04/02/2013	04/15/2013
Final Staff Assessment Filed	05/01/2013	05/15/2013

*See above Section II.A for specific dates on which responses were docketed.

III. CONCLUSION

As always, Applicant is committed to providing, to the extent feasible, information that may assist Commission Staff with moving toward the publication of a Preliminary Staff Assessment.



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Applicant is confident that the above proposed schedule can be met and would welcome a more condensed schedule to ensure that the AFC proceeding moves swiftly toward a Final Decision.

Respectfully submitted,



Melissa A. Foster

MAF:jmw

cc: Proof of Service List



BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
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**APPLICATION FOR CERTIFICATION FOR THE
HUNTINGTON BEACH ENERGY PROJECT**

**Docket No. 12-AFC-02
PROOF OF SERVICE
(Revised 12/24/12)**

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***After docketing, the Docket Unit will
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*indicates change

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DECLARATION OF SERVICE

I, Judith M. Warmuth, declare that on January 22, 2013, I served and filed copies of the attached **Applicant's Status Report** dated January 22, 2013. This document is accompanied by the most recent Proof of Service list, which I copied from the web page for this project at:

http://www.energy.ca.gov/sitingcases/huntington_beach_energy/index.html.

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, as appropriate, in the following manner:

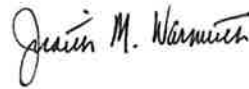
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For service to all other parties and filing with the Docket Unit at the Energy Commission:

- I e-mailed the document to all e-mail addresses on the Service List above and personally delivered it or deposited it in the US mail with first class postage to those parties noted above as "hard copy required"; **OR**
- Instead of e-mailing the document, I personally delivered it or deposited it in the US mail with first class postage to all of the persons on the Service List for whom a mailing address is given.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am over the age of 18 years.

Dated: January 22, 2013



Judith M. Warmuth