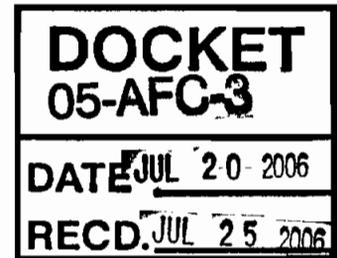


COUNTY OF RIVERSIDE
TRANSPORTATION AND LAND MANAGEMENT AGENCY

Tony Carstens · Agency Director

Planning Department

Robert C. Johnson · Planning Director



July 20, 2006

Robert Worl
Project Manager
California Energy Commission
1516 Ninth Street, MS 15
Sacramento, CA 95814

RE: Sun Valley Energy Project

California Energy Commission (CEC) recently requested that Riverside County provide input as to whether the proposed Sun Valley Energy Project electric generating facility complies with relevant local land use laws, ordinances, regulations and standards (LORS).

Over the past several months, representatives of Valle del Sol, LLC, the project proponent, have been discussing the proposed project with the Riverside County Planning Department. The Planning Department along with other reviewing departments have reviewed plans for the proposed project along with a copy of the Application for Certification and related documents.

Based on our discussions with Valle del Sol, LLC representatives and CEC staff, and our review of the Warren-Alquist Act, The County understands that the CEC has exclusive authority to certify all power plant sites and related facilities in California. The issuance of a certificate by the CEC operates in lieu of any permit or authorization required by any state or local agency, including land use authorizations. Valle del Sol, LLC representatives and CEC staff have explained that as par of the AFC review process, the Warren-Alquist Act requires that the CEC determine whether a project complies with applicable LORS. In order to fulfill that requirement, the CEC typically seeks input from the regulatory agencies that administer LORS that apply to potential projects.

The County Planning Department has carefully considered whether the Sun Valley Energy Project, including the power generating facility and all ancillary facilities, would conform to applicable local land use LORS. Our analysis is contained in the enclosed Attachment 1, *Sun Valley Energy Project Land Use Conformity Analysis, Local Laws, Ordinances, Regulations and Standards*. For each project feature, we identify the applicable zoning designation, analyze compliance with those designations, describe the type of County authorization that would be required (if any) and list conditions that the County would impose in an authorization.

Summarized below are the actions which the County Planning Department would recommend if the County were the agency responsible for permitting the Sun Valley Energy Project:

Natural Gas-Fired Power Generation Facility: In the view of the County Planning Department, a power generating facility is similar in character and intensity to uses specifically identified as conditionally authorized in the M-H zone. The project site is currently zoned M-SC. As a result, the Planning Department would recommend that the County Planning Commission authorize the power generating facility as a conditional use in the M-H zone, based on the findings set forth in Exhibit A to Attachment 1 and subject to the conditions listed in Exhibit B. With a conditional use permit incorporating the listed conditions and a change of zone from M-SC to M-H, the power generating facility would be consistent with local land use LORS.

Exhaust Stacks: In the view of the County Planning Department, the combination of the project site's unique physical characteristics and the application of the South Coast Air Quality Management District

regulations to the project site constitute special circumstances that would cause the Sun Valley Energy Project property to be deprived of privileges other properties in the vicinity under the same zoning classification enjoy if the height limitation were strictly applied to the project site. In order to allow Valle del Sol, LLC to use its property in a manner enjoyed by other property owners in the M-H zone, consistent with the intent and purpose of the M-H zone classification, the County Planning Department that the County Planning Commission recommend approval of a definition in the M-H zone, as part of the change of zone, to allow up to a maximum height of 105-feet for the five 73-foot stacks. With this definition of the M-H zone, the stacks would be consistent with local land use LORS.

Natural Gas Compressor and Air Compressor Station: In the view of the County Planning Department, the natural gas compressor and air compressor is similar in character and intensity to uses specifically identified as conditionally permitted uses in the M-H zone. As a result, the Planning Department would recommend that the County Planning Commission authorize the natural gas compressor and air compressor as a conditional use in the M-H zone, based on the findings set forth in Exhibit A to Attachment 1 and subject to the conditions listed in Exhibit B. With a conditional use permit incorporating the listed conditions, the natural gas compressor and air compressor would be consistent with local land use LORS.

Electric Transmission Facilities: The electric transmission facilities necessary to interconnect the Sun Valley Energy Project with the existing Southern California Edison (SCE) transmission system will be constructed owned and operated by SCE. SCE is a public utility regulated by the California Public Utilities Commission. As a result, the construction, operation and maintenance of the project-related electric transmission facilities will be regulated by the CPUC, and no permitting action would be required by the County.

Please contact Robert C. Johnson, Planning Director or Russell Brady, Contract Planner at (951) 955-1888 if you have any questions regarding this analysis or if you require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Russell Brady', with a long horizontal flourish extending to the right.

Russell Brady, Contract Planner
Planning Department

CC: Rick Hoffman, Germania Corporation

ATTACHMENT 1

SUN VALLEY ENERGY PROJECT **LAND USE CONFORMITY ANALYSIS:** **LOCAL LAWS, ORDINANCES, REGULATIONS AND STANDARDS**

I. Introduction

Valle del Sol, LLC (the applicant) is proposing to construct the Sun Valley Energy Project, a 500 megawatt (MW) natural gas-fired combined cycle power generating facility near Romoland in an unincorporated portion of Riverside County. The Sun Valley Energy Project also includes the following ancillary features in addition to the power generating facility: five stacks, a natural gas compressor and air compressor station, a natural gas supply pipeline, and electric transmission facilities. These features, together with the power generating facility, comprise the "project."

The power generating facility area is generally bound by Matthews Road to the north and Junipero Road to the west. The adjacent properties are vacant. The Burlington Northern Santa Fe (BNSF) railroad traverses the northern boundary of the project site.

The project is subject to the Riverside County (County) land use ordinances and regulations contained in County Ordinance No. 348, the Riverside County Land Use Ordinance (Land Use Ordinance). Following is a detailed analysis of how the Land Use Ordinance would be applied to each of the project features if the County were the agency responsible for issuing land use authorizations for the project.

II. Applicability of Relevant Land Use Ordinance Provisions to the Proposed Project

A. Natural Gas-Fired Power Generation Facility

The applicant proposes to construct a 500 MW natural gas-fired simple cycle power generation facility (energy facility) on an approximately 37.3 acre grouping of parcels (Assessor's Parcel Nos. 331-250-019 and 331-250-020) in Section 14, Township 5 south, Range 3 west, near the unincorporated community of Romoland in Riverside County, California (project site). The energy facility will consist of five combustion turbine generators with auxiliary equipment which includes an inlet air filter house with evaporative cooler, turbine inter-cooler, 5-cell mechanical-draft cooling tower and circulating water pumps, natural gas compressors, generator step-up and auxiliary transformers, and water storage tanks.

The project site is subject to the land use restrictions contained in the Riverside County General Plan and Land Use Ordinance. The project site is designated for Light Industrial land use by the Riverside County General Plan. The project site is currently zoned Manufacturing – Service Commercial (M-SC). This type of use typically is not allowed in the M-SC zone, but is allowed in the Manufacturing – Heavy (M-H) zone.

Section 12.2 of the Land Use Ordinance defines the uses authorized in the M-H zone. This section does not specifically list natural gas-fired power generating facilities as permitted or conditionally permitted uses. However, Section 12.2(h) of the Land Use Ordinance provides that the energy facility may be considered a conditionally permitted use in the M-H zone if the County Planning Director finds the energy facility land use is substantially the same in character and intensity as uses specifically identified as conditionally permitted uses in the M-H zone.

The energy facility is substantially similar to several permitted uses in the M-H zone such as public utility substation and the above ground storage of natural gas, both of which emphasize the heavy industrial character of the M-H zone. (Land Use Ord. §§ 12.2(b)(1)(o)(3) and (13).) However, the uses most similar in character and intensity, and in some cases more intense than, the energy facility, such as petroleum refineries, explosives manufacturing and testing, and gas,

steam and oil drilling operations, may be authorized pursuant to a conditional use permit in the M-H zone. (Land Use Ord. §§ 12.2(c)(3), (12), and (13).) Thus, consistent with the Land Use Ordinance, the energy facility could be authorized in the M-H zone as a conditionally permitted use.

The legal findings that would support a determination, under section 12.2(h) of the Land Use Ordinance, that the energy facility is a similar use and the issuance of a conditional use permit are set forth in attached Exhibit A. Additionally, the conditional use permit must contain such conditions as are necessary to protect the health, safety and general welfare of the community. (Land Use Ordinance § 18.28(e).) The conditions the County would impose in a conditional use permit for the energy facility are set forth in attached Exhibit B.

B. Exhaust Stacks

The energy facility includes five exhaust stacks that will be located adjacent to the generators. Each stack will be 73 feet tall. The maximum height allowed for any structure in the energy facility under the M-H zone is 50 feet. (Land Use Ordinance § 12.4(c)(3).) Construction of the 73-foot stacks may be authorized pursuant to a change in the zoning for the zone to define a maximum height of up to 105 feet.

C. Natural Gas Compressor and Air Compressor Station

Available information indicates that normal pressure available from the Southern California Gas Company's pipeline located along Menifee Road, is between 400 and 800 psig. The applicant proposes to construct a natural gas compressor and air compressor station (compressor station) on the project site. The energy facility requires a pressure of 960 psig to be fed into the combustion turbine. The compressor station is necessary to ensure the pressure level of the natural gas is adequate for operation of the energy facility and to maintain the required pressure in the Southern California Gas Company pipeline.

The compressor station will occupy approximately a 5,000 square foot area on the project site. It will consist of three electric motor driven gas compressors housed in a building approximately 80 feet by 50 feet. The building will be constructed of noise suppression material, which will provide proper noise attenuation to meet applicable noise limits. The building will be provided with an overhead crane, maintenance lay-down area, gas and fire detection, and a fire suppression system. In addition, the compressor station will include an emergency shutdown (ESD) system and blowdown stack with silencer.

The compressor station site is subject to the land use restrictions contained in the Riverside County General Plan. Specifically, the compressor station is located within an area designated Light Industrial in the General Plan. The Light Industrial designation allows for a wide variety of industrial and related uses, including assembly and light manufacturing, repair and other service facilities, warehousing, distribution centers, and supporting retail uses. Building intensity ranges from 0.25 to 0.6 FAR. The project site is currently designated Manufacturing – Service Commercial and a change of zone is recommended to Manufacturing – Heavy for the entire site.

Section 12.2 of the Land Use Ordinance defines the uses authorized in the M-H zone. This section does not specifically list natural gas compressor facilities as permitted or conditionally permitted uses. However, Section 12.2(h) of the Land Use Ordinance provides that the compressor station may be considered a conditionally permitted use in the M-H zone if the County Planning Director finds the energy facility land use is substantially the same in character and intensity as uses specifically identified as conditionally permitted uses in the M-H zone.

The compressor station is substantially similar to several permitted uses in the M-H zone such as public utility substation and the above ground storage of natural gas, both of which emphasize the heavy industrial character of the M-H zone. (Land Use Ord. §§ 12.2(b)(1)(o)(3)

and (13).) However, the uses most similar in character and intensity, and in some cases more intense than, the compressor station, such as petroleum refineries, explosives manufacturing and testing, and gas, steam and oil drilling operations, may be authorized pursuant to a conditional use permit in the M-H zone. (Land Use Ord. §§ 12.2(c)(3), (12), and (13).) Thus, consistent with the Land Use Ordinance, the energy facility could be authorized in the M-H zone as a conditionally permitted use.

The legal findings that would support a determination, under section 12.2(h) of the Land Use Ordinance, that the compressor station is a similar use and the issuance of a conditional use permit are set forth in attached Exhibit A. Additionally, the conditional use permit must contain such conditions as are necessary to protect the health, safety and general welfare of the community. (Land Use Ordinance § 18.28(e).) The conditions the County would impose in a conditional use permit for the energy facility are set forth in attached Exhibit B.

D. Electric Transmission Facilities

The project will be interconnected to the existing Southern California Edison (SCE) transmission system at the SCE Valley Substation located approximately ¼-mile north of project site. SCE will construct, own and operate the facilities necessary to interconnect the energy facility to the SCE Valley Substation.

The County does not have jurisdiction over siting of the transmission facilities. Section 1001 of the California Public Utilities Code provides that no electric corporation may begin the construction or extension of a line, plant or system without first obtaining a certificate of public convenience and necessity from the California Public Utilities Commission (CPUC).

SCE is an electric corporation public utility regulated by the CPUC. Construction, operation and maintenance of the electric transmission facilities necessary to interconnect the energy facility to the SCE Valley Substation will be regulated by the CPUC. As a result, the County does not have permitting authority with respect to project transmission features.