State Of California

The Resources Agency of California

Memorandum

Date: February 2, 2007
Telephone: (916) 651-0965

File: 06-AFC-10

To: Commissioner Jeffrey Byron, Presiding Member
Commissioner John L. Geesman, Associate Member

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From: California Energy Commission - Che McFarlin
1516 Ninth Street
Sacramento, CA 95814-5512
Siting Project Manager

Subject: **STARWOOD POWER PROJECT (06-AFC-10)**
ISSUES IDENTIFICATION REPORT

Attached is the staff's Issues Identification Report for the Starwood Power project (06-AFC-10). This report serves as a preliminary scoping document that identifies the issues that the California Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the Issues Identification Report at the Informational Hearing and Site Visit to be held on February 7, 2007.

cc: Docket (06-AFC-10)
Proof of Service List

Attachment

PROOF OF SERVICE (REVISED 2-1-07) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 2-2-07 (Email)

STARWOOD POWER PROJECT

(06-AFC-10)

February 2, 2007

ISSUES IDENTIFICATION REPORT

CALIFORNIA ENERGY COMMISSION

Energy Facilities Siting Division

ISSUES IDENTIFICATION REPORT
STARWOOD POWER PROJECT
(06-AFC-10)

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ISSUES IDENTIFICATION REPORT

California Energy Commission Staff

This report has been prepared by the California Energy Commission staff to inform the Siting Committee and all interested parties of the potential issues that have been identified in the case thus far. These issues have been identified as a result of staff's discussions with federal, state, and local agencies, and our review of the Starwood Power–Midway, LLC Application for Certification (AFC), Docket Number 06-AFC-10. The Issues Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On November 17, 2006, Starwood Power-Midway, LLC, submitted an AFC to construct and operate a simple-cycle (peaking) power plant, the Starwood Power Project (Starwood), in an unincorporated area of western Fresno County. On December 29, 2006, the applicant submitted supplemental information to the AFC to address Energy Commission information requirements. On January 3, 2007, the Energy Commission accepted the AFC as data adequate for informational purposes.

The proposed Starwood project would be a simple-cycle power plant and have a nominal electrical output of 120 megawatts (MW) with construction planned to start in June 2008 and commercial operation planned by May 2009. It is proposed as a 12-month AFC. The applicant has a 15-year contract with Pacific Gas & Electric (PG&E) as a result of PG&E's 2004 Request for Offers for new generation resources. The proposed Starwood project is designed as a peaking facility to meet electric generation load during periods of high demand, which generally occur during daytime hours, and more frequently during the summer than other portions of the year. It is expected to have an annual capacity factor of no higher than 46 percent, depending on weather and customer demand, load growth, hydroelectric supplies, generation retirements and replacements, the level of generating unit and transmission outages, and other factors. The generating facility will include two Pratt & Whitney FT8-3 SwiftPac Combustion Turbine Generators (CTGs), a CTG Main Step-up transformer (13.8/115 kV), air emissions control equipment, an aqueous ammonia storage tank, natural gas fuel system, compressed air system, wastewater system, site stormwater drainage system, and a lined evaporation pond.

The project site is located approximately 12 miles southwest of the city of Mendota, and approximately 2 miles east of Interstate 5 on West Panoche Road, adjacent to the Pacific Gas & Electric (PG&E) existing Panoche Substation in Fresno County. The proposed facility site is located on a 5.6-acre site within a 128-acre parcel that is currently subject to a Williamson Act agricultural land conservation contract which is proposed to be revised through a partial cancellation process by Fresno County. The contract status will be addressed by the Energy Commission staff during the analysis phase of the certification process. The 128-acre parcel includes two existing energy facilities, the Wellhead Power Peaking Plant and the CalPeak Power Peaking Plant, and is also the site of the proposed Panoche Energy Center (06-AFC-5) peaking project facility site. The Starwood Power

project's 5.6-acre site is currently occupied by CalPeak Power and is used for a storage yard. The site contains several large pieces of equipment and items for the CalPeak Panoche peaking power plant located directly southwest and adjacent to the Starwood site. The proposed plant site is owned by Starwood Power-Midway, LLC, which is a business partnership for this project with CalPeak Power.

The proposed Starwood project would interconnect to the 115 kV bus at PG&E's Panoche Substation via the existing CalPeak Panoche generator tie line. The tie line connecting the existing CalPeak Panoche Plant to PG&E's system is already sized to carry the output of the proposed Starwood facility. As proposed, a 300-foot generator tap line would originate from the Starwood facility's generator step-up transformer near the western perimeter of the site and exit from the northwest edge of site and travel west connecting with the existing CalPeak Panoche tie line to the Panoche Substation.

Natural gas would be delivered to the proposed Starwood plant site from a connection to a PG&E trunk line, located immediately to the north. PG&E would tap the 6-inch natural gas service line serving the existing CalPeak Panoche Peaker facility approximately 25 feet upstream of the existing meter set and install 50 feet of 6-inch steel pipeline connecting to a new 6-inch turbine meter set adjacent to CalPeak Power's existing meter set. Approximately 600 feet of natural gas line would be constructed along the western perimeter of the Starwood site.

On an annual basis, the Starwood facility would consume approximately 136 acre-feet/year of water for power plant processes. Low quality groundwater would be delivered to the proposed plant site from a connection to the adjacent and existing CalPeak Panoche Peaker Plant groundwater well. However, alternative water supply options are being considered, including wastewater from nearby agricultural irrigation activities, and a new well to tap deeper low quality groundwater supplies.

During construction and operation, sanitary waste from portable toilets would be hauled off-site for disposal. During the operational phase, process wastewater would be conveyed by gravity to an evaporation pond on the east side of the proposed Starwood plant site. Residue from evaporation would be analyzed and disposed of in an appropriate landfill system.

Air emissions from the proposed facility would be controlled using best available control technology applied to each engine's exhaust. To reduce emissions, each of the two FT8-3 SwiftPac CTGs would be equipped with water injection to the combustors for reducing production of NOx. In addition, a selective catalytic reduction system with a concentration of ammonia injection, not to exceed 20 percent, will be used to further reduce NOx emissions, and an oxidation catalyst will be used to reduce carbon monoxide emissions. Final permitting by the Energy Commission would reflect conformance with rules and regulations of the San Joaquin Valley Air Pollution Control District (SJVAPCD) which require the issuance of a Determination of Compliance from the District.

The applicant expects to receive a license from the Energy Commission by January 2008, with construction of the project starting June 2008. Full-scale commercial operation is expected to begin May 1, 2009. Electric power generated at the Starwood facility will be sold under a 15-year power purchase agreement between Starwood Power-Midway LLC

and PG&E. Design of the plant and equipment selection is based on requirements in the agreement. The agreement was executed in March 2006 and requires that the facility be online by May 1, 2009.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential major issues the Energy Commission staff has identified to date. The Committee should be aware that this report might not include all of the significant issues that may arise during the case. Discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report is based on comments of other government agencies and on staff's judgment of whether any of the following circumstances will occur:

1. Potential significant impacts which may be difficult to mitigate;
2. Potential areas of noncompliance with applicable laws, ordinances, regulations or standards (LORS);
3. Areas of conflict between the parties; or
4. Areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated and notes those areas where significant issues have been identified. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area.

Disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. However, staff does not currently believe such disagreements will have an impact on the siting schedule, or that resolution will be difficult to achieve.

Major Issue	Subject Area	Major Issue	Subject Area
No	Air Quality	No	Noise
No	Biological Resources	No	Paleontological Resources
No	Cultural Resources	No	Public Health
No	Efficiency and Reliability	No	Socioeconomics
No	Electromagnetic Fields & Health Effects	No	Soils & Water Resources
No	Facility Design	No	Traffic and Transportation
No	Geological Hazards and Resources	No	Transmission Line Safety
No	Hazardous Materials	Yes	Transmission System Engineering
No	Industrial Safety and Fire Protection	No	Visual Resources
Yes	Land Use	No	Waste Management
No	Project Overview	No	Alternatives

This report does not limit the scope of staff's analysis throughout this proceeding, but acts to aid in the identification and analysis of potentially significant issues that the Starwood proposal poses. Staff has prepared data request in the technical areas of air quality, biological resources, cultural resources, geological resources, hazardous

materials, land use, noise, project overview, traffic and transportation, socioeconomics, transmission systems engineering, waste management, and worker safety and fire prevention. The following discussion summarizes issues, identifies the parties needed to resolve the issue, and outlines a process for achieving resolution.

Land Use

The Starwood project will require partial cancellation of Williamson Act contract #367. The applicant has stated that the process to cancel 5.6 acres of the 128-acre contract parcel has been initiated with Fresno County. The 5.6 acres would be the footprint of the Starwood project.

In order to determine whether the cancellation is consistent with the purposes of the Williamson Act, the Fresno County Board of Supervisors must make several findings relative to the specific site and surrounding existing land uses. Williamson Act cancellation proceedings will require at least two publicly-noticed meetings with the Fresno County Board of Supervisors. Depending on the Board's schedule, the county's cancellation process could take up to one year. In addition, there is a 180-day appeal period for a cancellation. As such, the time frame for cancellation and the appeal period could significantly delay the Energy Commission's certification process.

Staff has prepared a data request to have the applicant explain the schedule and status of the cancellation request.

TRANSMISSION SYSTEM ENGINEERING

The System Impact Study (SIS) submitted with the AFC requires 11.4 miles of 115 kV transmission line reconductoring for the system impacts of the project. Detailed information has not been provided; therefore, staff must begin its analysis under the premise there may be environmental impacts not yet identified by the applicant associated with the reconductoring.

Staff has prepared a data request to have the applicant clarify the scope of the reconductoring and prepare the appropriate environmental studies.

SCHEDULING

Following is staff's proposed 12-month schedule for key events of the project. Meeting the proposed schedule will depend on: the applicant's timely response to staff's Data Requests; the timing of the Air District's filing of the Determination of Compliance; determinations by other local, state and federal agencies; and other factors not yet known.

The San Joaquin Valley Air Pollution Control District (SJVAPCD) will be required to provide a Preliminary Determination of Compliance (PDOC) and a Final Determination of Compliance (FDOC). Prior to the publication of the Preliminary Staff Assessment (PSA) staff normally requires a PDOC from the air district and the FDOC before staff publishes the Final Staff Assessment. The PDOC is not expected to be complete until the end of May 2007, which could delay the scheduled filing of the PSA by several weeks.

PROPOSED SCHEDULE

STARWOOD POWER PROJECT (06-AFC-10)

EVENT	DATE
Applicant files Application for Certification (AFC)	11/17/06
Executive Director's recommendation on data adequacy	12/29/06
Decision on data adequacy at the business meeting	1/3/07
Staff files Data Requests	2/6/07
Staff files Issue Identification Report	2/2/07
Information hearing and site visit	2/7/07
Applicant provides data responses	3/6/07
Data response and issue resolution workshop	3/15/07
Local, state and federal agency draft determinations & SJVAPCD's Preliminary Determination of Compliance (PDOC)	5/30/07
Preliminary Staff Assessment (PSA) filed	6/30/07
Preliminary Staff Assessment workshop	7/20/07
Local, state and federal agency final determinations & SJVAPCD Final Determination of Compliance (FDOC)	7/25/07
Final Staff Assessment filed	9/5/07
Evidentiary hearings*	TBD
Committee files proposed decision*	TBD
Hearing on the proposed decision*	TBD
Committee files revised proposed decision*	TBD
Commission Decision	1/2/08

* The assigned Committee will determine this part of the schedule

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

APPLICATION FOR CERTIFICATION FOR THE *STARWOOD POWER PLANT*	**Docket No. 06-AFC-10** **PROOF OF SERVICE**

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

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DECLARATION OF SERVICE

I, Geoff Carter, declare that on February 2, 2007, I deposited copies of the attached Starwood Power-Midway Issues Identification Report, in the United States mail at Sacramento, California with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

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

[signature]