

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov



August 8, 2006

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Mayor Maryetta Ferre
City of Grand Terrace
22795 Barton Road
Grand Terrace, CA 92313-5295

Dear Mayor Ferre:

AES Highgrove, LLC, a wholly-owned subsidiary of the AES Corporation, submitted an Application for Certification (AFC) to the California Energy Commission on May 25, 2006, seeking approval to construct and operate a simple-cycle power plant in the City of Grand Terrace. The proposed Highgrove Power Plant Project (HPP), to be located at 12700 Taylor Street, would be a nominal 300 megawatt (MW) peaking facility designed to meet electric generation load during periods of high demand.

The Energy Commission is responsible for reviewing and ultimately approving or denying all thermal electric power plants, 50 MW and greater, proposed for construction in California. The Energy Commission's facility certification process carefully examines public health and safety, environmental impacts and engineering aspects of proposed power plants, and all related facilities such as electric transmission lines and natural gas and water pipelines. The Energy Commission's responsibilities are those of a lead agency under the California Environmental Quality Act (CEQA), except the Energy Commission's analysis includes several environmental and decision documents rather than an Environmental Impact Report.

The AFC was determined to contain the information required by the Energy Commission regulations and was deemed complete on July 19, 2006. The Energy Commission staff has started the discovery and analysis phases of our review of the HPP. Over the coming months, the Energy Commission will conduct a number of public workshops and hearings on the proposal to determine whether the HPP should be approved for construction and operation and, if so, under what set of conditions. These workshops will provide the public and local, state and federal agencies the opportunity to ask questions and provide input on the proposed project. The Energy Commission will issue notices for these workshops and hearings at least 10-14 days prior to the meeting.

As part of our review process, the staff of the Energy Commission works closely with local, state and federal agencies to analyze the project's conformance with all laws, ordinances, regulations and standards and incorporate this analysis into the final decision of the Energy Commission. To achieve this objective, the Energy Commission may make specific requests of the City of Industry for review and comment at various points in the certification process. Under Energy Commission guidelines, local agencies may seek reimbursement for costs incurred in responding to these requests.

If your constituents would like to participate in the Energy Commission's review of the project they should contact Margret Kim, the Energy Commission's Public Adviser, at (916) 654-4489 or toll free in California, at (800) 822-6228. If you or your staff have technical or project schedule questions, or if you would like additional information on reimbursement or on how the City may participate in the Energy Commission's review of the project, please contact Robert Worl, Project Manager, at (916) 651-8853, or by email at rworl@energy.state.ca.us. The status of the project, copies of notices, an electronic version of the AFC, and other relevant documents are available on the Energy Commission's Internet web site at: <http://www.energy.ca.gov/sitingcases/highgrove/index.html>

Sincerely,

A handwritten signature in black ink, appearing to read "B. B. Blevins", with a large, sweeping flourish extending to the left and right.

B. B. BLEVINS
Executive Director