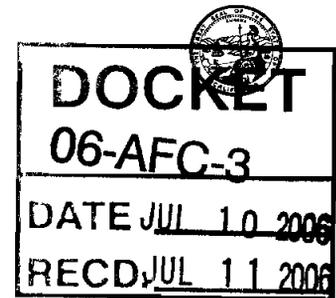


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

**NOTICE OF RECEIPT
APPLICATION FOR CERTIFICATION
SOUTH BAY REPLACEMENT PROJECT (SBRP)
Docket No. (06-AFC-3)**



On June 30, 2006, the Application for Certification (AFC) for the South Bay Replacement Project (SBRP) was submitted by the LSP South Bay, LLC (Applicant). LSP South Bay proposes to develop the SBRP as a natural gas-fired, combined-cycle power plant. The SBRP project will be configured as two natural gas-fired combustion turbines with heat recovery steam generators (HRSG) and one steam turbine, and will have a nominal 500 megawatt (MW) output at 62 degrees Fahrenheit (°F). SBRP includes HRSG duct firing which can raise the output up to an additional 120 MW for a maximum total capacity of 620 MW by boosting the output of the steam turbine.

The SBRP will be a replacement of the existing South Bay Power Plant (SBPP) that is owned by the San Diego Unified Port District (Port) and operated by the Applicant under a Lease and Cooperation agreement with the Port. The proposed project site is immediately adjacent to and south of the existing SBPP, located near 990 Bay Boulevard in the City of Chula Vista, California. The Project site is 12.9 acres in size for the SBRP, and 19.4 acres when including the proposed power plant's related new substation facilities. It is property owned by the Port and within the city boundaries of the City of Chula Vista, in San Diego County. The 19.4 acres sits within a 33-acre site commonly referred to as the former Liquefied Natural Gas (LNG) site. San Diego Gas and Electric (SDG&E) operated a LNG storage operation on the 33 acre parcel when it owned the power plant complex. Only two LNG storage tank foundations and overhead electric transmission lines remain on the property.

The project site is bound by the San Diego Bay on the west and Bay Boulevard and Interstate 5 (I-5) on the east. To the south is a salt production facility and to the north is the existing SBPP. The immediate area around the project site is industrial in nature, with some residential housing approximately 1,000 feet to the southeast and east.

The existing SBPP has an aged appearance and uses steam generation technology characterized by tall prominent steel boiler structures (160 to 180 feet tall structures). The SBRP will be smaller in height and massing. The most prominent features of the SBRP would be the exhaust stacks and the air cooled condenser, which are approximately 125 and 94 feet tall, respectively. It will be compact and be enclosed. Architectural screening techniques are proposed.

The SBRP completely eliminates the existing SBPP's once-through cooling system and the use of San Diego Bay water in favor of the air-cooled condenser (ACC) cooling system. The SBRP is expected to use a maximum of 129 acre-feet per year of fresh water for process and domestic water needs. Water for drinking, safety showers, fire protection, service water, and sanitary uses will be served from the local potable water system. Discharge of water will also be minimal and disposed of via the City of Chula Vista's sanitary sewer system. A new six-inch diameter sewer line connection will be added to connect to the City's system about 400 feet away.

The potential air impacts from the project would be mitigated by the installation and operation of Best Available Control Technology (BACT) for the combustion turbines and heat recovery steam generators. Emission reductions would be generated from the shutdown of the existing SBPP in sufficient quantities to satisfy San Diego County Air Pollution Control District requirements, and to ensure that there is no net increase in emissions of criteria pollutants.

The Applicant is filing this AFC under the Energy Commission's 12-month licensing process. Initial site preparation and demolition activities (of old foundations on the former LNG site), and construction activities are expected to take approximately 28 months. Potential impacts associated with the demolition aspects of the project are addressed in the AFC. The demolition of the existing SBPP is expected to take approximately 25 months, beginning immediately after SBRP commences commercial operation. Based on this schedule, pre-operational testing of the SBRP is expected to commence in the second quarter of 2009, commercial operation is expected to commence second quarter 2010, and demolition of the existing SBPP would commence in the third quarter of 2010.

Energy Commission's Facility Certification Process

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 issuance of a certificate by the Energy Commission is in lieu of any local, state, or federal permit (to the extent permitted by federal law). The Energy Commission's responsibilities are those of a lead agency under CEQA, except the Energy Commission's analysis takes the form of several environmental and decision documents rather than an Environmental Impact Report.

The first step in the review process is for the Energy Commission to determine whether or not the AFC contains all the information required by our regulations. When the AFC is deemed data adequate, the 12-month licensing process begins and we will begin data discovery and issue analysis phases. During this time, a detailed examination of the issues will occur. There will be opportunities for your staff to confer with Energy Commission staff regarding issues of concern to your agency.

Public Participation

Over the coming months, the Energy Commission will conduct a number of public workshops and hearings to determine whether the project should be approved for construction and operation and 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 about the proposed project. The Energy Commission will issue notices for these workshops and hearings at least 10 days prior to the meeting.

July 7, 2006

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If you desire information on participating in the Energy Commission's review of the project, please contact Ms. Margret Kim, the Energy Commission's Public Adviser, at (916) 654-4489 or toll free in California, at (800) 822-6228. The Public Adviser's Office can also be contacted via email at pao@energy.state.ca.us. Please direct your technical or schedule questions to Bill Pfanner, Energy Commission Project Manager, at (916) 654-4206, or bpfanner@energy.state.ca.us. The status of the project, copies of notices, an electronic version of the AFC, and other relevant documents are also available on the Energy Commission's Internet web site at: <http://www.energy.ca.gov/sitingcases/southbay>. You can also receive email notification of all project related activities and availability of reports by subscribing to the Listserve on the website. News media inquiries should be directed to Assistant Executive Director, Claudia Chandler, at (916) 654-4989.

This notice of receipt has been mailed to all parties that requested placement on the mailing list during the pre-filing period and to property owners located within 1000 feet of the proposed project site and within 500 feet of any linear feature. By being on the mailing list, you will receive notices of all project-related activities and notices when documents related to the project's evaluation are available for review. If you wish to be removed from the mailing list, please contact Ms. Dora Gomez, Project Secretary, at (916) 653-1608, or e-mail at dgomez@energy.state.ca.us.

Availability of the AFC Document

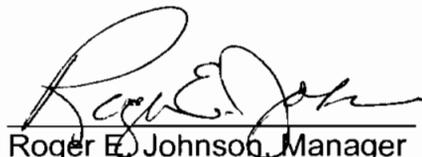
Copies of the AFC are available for public inspection at:

Chula Vista Civic Center Branch Library
365 F Street
Chula Vista, CA 91910

South Chula Vista Branch Library
389 Orange Avenue
Chula Vista, CA 91911

Copies are also available at the Energy Commission's Library in Sacramento, the California State Library in Sacramento, and at public libraries in Los Angeles, San Francisco, San Diego, Fresno, and Eureka. In addition, copies will be distributed to those public agencies that would normally have jurisdiction except for the Energy Commission's exclusive authority to certify sites and related facilities.

DATE: 7/10/06



Roger E. Johnson, Manager
Energy Facilities Siting and Compliance Office

Mailed to list