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

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DATE JAN 10 2007
RECD JAN 16 2007

The Honorable Steve Castaneda
Council Member, City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

Dear Council Member Castaneda:

On June 30, 2006, the Application for Certification (AFC) for the South Bay Replacement Project (SBRP) was submitted by the LSP South Bay, LLC. LSP South Bay proposes to develop the SBRP as a natural gas-fired, combined-cycle power plant. The project will be configured as two natural gas-fired combustion turbines with heat recovery steam generators and one steam turbine, and will have a maximum capacity of 620 megawatts (MW). The SBRP proposes to use dry cooling technology to eliminate using bay water for once-through cooling of the turbines.

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 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. The site is 12.9 acres in size for the SBRP, and another 6.5 acres for the proposed power plant's related new substation facilities. It is property owned by the Port and within the boundaries of the City of Chula Vista. The overall 19.4-acre site is within a 33-acre site commonly referred to as the former Liquefied Natural Gas (LNG) site. San Diego Gas and Electric (SDG&E) operated an LNG storage operation on the 33-acre parcel when it owned the SBPP complex.

The AFC was deemed data adequate on August 30, 2006, and the California Energy Commission is in the discovery and analysis phases of its review of the SBRP. The Energy Commission held an Information Hearing and Site Visit in Chula Vista on September 15, 2006 and a staff Data Request workshop on December 11, 2006. Over the coming months, the Energy Commission will conduct a number of public workshops and hearings on the proposal to determine whether the SBRP 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 about, and provide input on, the SBRP. The Energy Commission will issue notices for these workshops and hearings at least 10 days prior to the meeting.

Please note that the Energy Commission's South Bay project manager, Bill Pfanner, will provide an overview of the Energy Commission's process to interested members of the Chula Vista City Council on January 18, 2006. He has been working with Michael Meacham of the City staff to facilitate Chula Vista's review of the project. 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. In addition, the status of the project,

copies of notices, an electronic version of the AFC, and other relevant documents are available at:
http://www.energy.ca.gov/sitingcases/southbay/index.html

Sincerely,

B. B. BLEVINS
Executive Director

cc: Michael Meacham
Margret Kim