STATE OF CALIFORNIA – THE RESOURCES AGENCY

ARNOLD SCHWARZENEGGER, *Governor*

CALIFORNIA ENERGY COMMISSION
JACKALYNE PFANNENSTIEL, CHAIRMAN
1516 NINTH STREET, MS-33
SACRAMENTO, CA 95814-5512
(916) 654-5036
FAX (916) 653-9040

January 30, 2007

DOCKET
06-AFC-3
DATE JAN 30 2007
RECD. JAN 31 2007

The Honorable Denise Ducheny
California State Senate
State Capitol, Room 4081
Sacramento, CA 95814

Dear Senator Ducheny:

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 would be configured with 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 would use dry cooling technology to eliminate using bay water for once-through cooling of the turbines.

The SBRP would replace 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. 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. The property is owned by the Port and within the boundaries of the City of Chula Vista. 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 facility 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 has begun 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 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.

We are available to brief you and your staff on the Energy Commission's power plant review process and the specifics of the SBRP application. Please contact Mike Smith, Director of Governmental Affairs, at (916) 654-4942, if you would like a briefing. 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.

Further, 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,

JACKALYNE PFANNENSTIEL
Chairman

cc: Margret Kim