State Of California

The Resources Agency of California

Memorandum

Date: March 30, 2007
Telephone: (916) 653-1245

DOCKET
06-AFC-3
DATE MAR 30 2007
RECD. MAR 30 2007

To: John Geesman, Presiding Member
Art Rosenfeld, Associate Member

From: California Energy Commission – Bill Pfanner
1516 Ninth Street
Sacramento, CA 95814-5512
Project Manager

Subject: **SOUTH BAY REPLACEMENT PROJECT (06-AFC-3) STATUS REPORT #2**

On January 18, 2007, the City of Chula Vista and the San Diego Unified Port District (Port) conducted a joint session to discuss the proposed South Bay Replacement Project (SBRP) and the Port's pending long term lease to LS Power Generation, LLC (LS Power). The Port, which controls the land the proposed SBRP would be built on, backed by the Chula Vista City Council, voted in 2001 to sign a new 45-year lease with LS Power's predecessor, Duke Energy upon expiration of the current lease. Under the terms of the current lease, which ends in 2010, LS Power must pay to tear down the existing South Bay Power Plant. The new lease would allow SBRP to be built on 20 acres to the south of the existing South Bay Power Plant site and LS Power would demolish the old facility. This would free about 115 acres for Chula Vista's future bay front renovation, which would connect to its new marina.

At the joint meeting, Jim Avery of San Diego Gas & Electric (SDG&E), stated that SDG&E would not purchase the power from the SBRP and that any power generated by this plant would not be used in San Diego County. The City of Chula Vista officials were concerned by this statement. On February 20, 2007, the Chula Vista City Council voted to block any plan to put a new power plant on the bay front property.

On March 13, 2007, the Port voted to reject plans to lease property to LS Power to build the proposed SBRP. Given the actions of the Port and the City of Chula Vista and the inability of LS Power to secure a lease at the proposed site, it appears the status of the project has changed. On March 19, 2007, staff notified LS Power in writing that unless directed otherwise by the Siting Committee, it was stopping work on processing the SBRP AFC and requested that LS Power advise the Energy Commission in writing as to whether it is their intention to suspend this project or request its termination. To date, LS Power has not responded.

It may be appropriate for the Committee to schedule a Status Conference with the applicant in order to determine the future of this application.

PROOF OF SERVICE (REVISED 3/17/07) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 3/30/07

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

APPLICATION FOR CERTIFICATION FOR THE SOUTH BAY REPLACEMENT PROJECT	**Docket No. 06-AFC-3** **PROOF OF SERVICE** **(*Revised 3/17/07*)**

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

DOCKET UNIT

***Send the original signed document plus the required 12 copies to the address below*:**

CALIFORNIA ENERGY COMMISSION
DOCKET UNIT, MS-4
Attn: Docket No. 06-AFC-3
1516 Ninth Street
Sacramento, CA 95814-5512

* * * *

In addition to the documents sent to the Commission Docket Unit, also send individual copies of any documents to:

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DECLARATION OF SERVICE

I, Angela Hockaday, declare that on March 30, 2007, I deposited copies of the attached Status Report #2 for the South Bay Replacement Project (06-AFC-3), in the United States mail at Sacramento, CA 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]