CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
SACRAMENTO, CA 95814-5112

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TO: AGENCY DISTRIBUTION LIST

REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF THE VERNON POWER PLANT PROJECT, SUPPLEMENTS TO THE APPLICATION FOR CERTIFICATION (06-AFC-4)

On June 30, 2006, the City of Vernon submitted an Application for Certification (AFC) to construct and operate a combined-cycle power plant, the Vernon Power Plant Project (VPP), in the City of Vernon, Los Angeles County. On August 25 and September 8, 2006, the applicant submitted supplemental information to the AFC to address Energy Commission information requirements. On September 14, 2006, the AFC was determined to be data adequate for informational purposes.

As part of our review process, the staff of the Energy Commission works closely with local, state and federal agencies to ensure that all laws, ordinances, regulations and standards are met and incorporated into the final decision of the Energy Commission.

Project Description

The proposed VPP site would be located at the southeast corner of Fruitland and Boyle Avenues. The City has executed a purchase agreement for the 27-acre parcel in an industrially zoned area in the City of Vernon. As part of the purchase agreement, the seller committed to: (1) obtaining permits and demolishing all structures on the site; (2) complying with all environmental laws regarding site cleanup; and (3) obtaining all necessary site clean-up and closure certificates. In late 2006, the existing manufacturing facility will be demolished and the title transferred. The project site will consist of approximately 13.7 acres of the subdivided 27-acre parcel. The remaining 13.3 acres will be available during construction for parking and equipment laydown. Once construction is completed, the 13.3-acre property will be available for the City's future use.

The VPP would be a 943 megawatt (MW) combined-cycle power plant consisting of three Siemens SGT6-5000F natural gas-fired combustion turbine generators (CTG) equipped with Ultra Low Nitrogen (ULN) oxide combustors; three heat recovery steam generators (HRSG) with duct burners; one condensing steam turbine generator; a deaerating surface condenser; a 14-cell mechanical-draft cooling tower; and associated support equipment. The project will include an electric auxiliary boiler, but will not include a standby generator or black start (i.e., immediate) capability. The project is expected to have an overall annual availability of 92 to 98 percent.

Associated equipment will include emission control systems necessary to meet the proposed emission limits. Nitrogen oxide (NO_x) emissions will be controlled at the stack by a combination of ULN combustors in the CTGs and selective catalytic reduction systems in the HRSGs. An oxidation catalyst will be installed in the HRSGs to limit stack carbon monoxide (CO) emissions.

For cooling tower make-up and other uses, the VPP will use up to 6,266 acre feet per year (afy) of recycled water provided by the Central Basin Municipal Water District (CBMWD). The recycled water will be delivered to VPP through a recycled water pipeline in Boyle Avenue, adjacent to the site. Cooling water would be cycled in the cooling tower five times.

Potable water for drinking, safety showers, fire protection, service water, and sanitary uses will be served from the City's potable water system.

Sanitary and cooling process wastewater will be delivered to the Sanitation Districts of Los Angeles County (LACSD) via the City's sanitary sewer system. A new sewer line connection will be added to connect to the County's system. Specifically, the VPP would include a new 18-inch sanitary sewer line exiting the plant site from the southeast corner, following along the east property line and an abandoned railroad right-of-way to Alcoa Avenue. Turning south on Alcoa Avenue, the line would then be 21 inches in diameter to the point where it will connect to the LACSD's 24-inch line at Alcoa and Slauson Avenues. The total distance of the new line would be 2,400 feet.

The VPP will connect to the electrical transmission system via a new double circuit 230-kilovolt (kV) line that will connect to Southern California Edison's (SCE) Laguna Bell Substation. The 230-kV transmission lines will run from the project site to the existing SCE Laguna Bell Substation via one of two route options. Both of these routes will be less than 5 miles in length and require crossing the Los Angeles River.

The transmission line in the Randolph Route Option would leave the VPP headed east for approximately 150 yards to an existing utility corridor. The line would then proceed south to Randolph Street turning east and then running approximately four miles to the Laguna Bell Substation. The new line would combine and replace two existing 66-kV lines.

The River Route exits the site to the east between 5151 and 5233 Alcoa Street, crosses Alcoa, and approaches the Los Angeles Department of Water and Power (LADWP) right-of-way through the parking lot at 5208 Alcoa. It continues by crossing the LADWP right-of-way and turning north on an easement on the east side of the LADWP right-of-way. The route turns north on this new easement along the LADWP right-of-way and proceeds to the south side of the SCE Leonis Substation. From there the route turns east between the south side of the Leonis Substation and the north side of the City of Vernon Fire Station to the west side of Downey Road. At Downey the route turns north to District Boulevard. The route crosses Downey Avenue to the northeastern corner of District Boulevard and continues east on the north side of District Boulevard, turning northeast (toward the Los Angeles River) between the properties at 4713 and 4717 District Boulevard. The route then crosses the Union Pacific railroad facilities and then the Los Angeles River. Along the eastern bank of the Los Angeles River, the route turns south and follows the river to Randolph Street and the junction of the right-of-way currently occupied by two parallel 66-kV circuits (Laguna Bell-Leonis #2 and Laguna Bell-Ybarra). Both these circuits currently serve the City of Vernon. Finally, the route turns east along the north side of Randolph Street, crosses the I-710 Freeway, and proceeds to the Laguna Bell Substation. The new transmission line, along this section of Randolph Street, would replace the Laguna Bell-Container-Pulpgen-Vernon and the Laguna Bell-Leonis-Vernon circuits (66 kV) in the right-of-way currently occupied by them.

Natural gas will be delivered to the site via a new 24-inch-diameter pipeline. This 2,300-foot-long pipeline would exit the plant site heading east along East 50th Street, north on Alcoa Avenue and east on Fruitland Avenue to the Southern California Gas Company's (SoCalGas) transmission pipeline (Line 765) on Downey Road. At the plant site, the natural gas will pass through a flow-metering station, gas scrubber/filtering equipment, a gas pressure control station, electric-driven

booster compressors (when required), and a fuel gas heater prior to entering the combustion turbines.

The City expects to receive a license from the Energy Commission by September 2007, with construction of the project starting in fall 2007 assuming completion of project financing. Full-scale commercial operation would begin during the third quarter of 2009.

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, sewer, water, and natural gas 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 was for Energy Commission to determine whether or not the AFC contains all the information required by our regulations. The AFC was deemed data adequate September 14, 2006, and we will now begin the data discovery and issue analysis phases. At 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.

Over the coming months, the Energy Commission will conduct a number of public workshops and hearings on the proposal to determine whether the project should be approved for construction and operation and under what set of conditions. These workshops will provide the public as well as local, state and federal agencies the opportunity to ask questions about, and provide input on, the proposed project. The Energy Commission will issue notices for these workshops and hearings at least 10 days prior to the meeting.

Agency Participation

The AFC was accepted as data adequate on September 14, 2006. Your participation in the proceeding is encouraged and will allow you to identify and try to resolve issues of concern to your agency. There may be specific requests for agency review and comment during the proceedings now that the AFC has been determined to be data adequate. Local agencies may seek reimbursement for costs incurred in responding to these requests.

Your agency's preliminary and final determinations and opinions (such as those contained in a Determination of Compliance, wastewater discharge requirements, biological opinions, and land use decisions) are due by **January 12, 2007** (120 days) and **March 12, 2007** (180 days), respectively.

Enclosed is a copy (CD) of the AFC and Supplements "A" and "B" in electronic format. If you would like to have a hard copy of the AFC and supplements sent to you, please contact Angela Hockaday, Project Secretary, at (916) 654-3925, or by e-mail at ahockada@energy.state.ca.us. If you have

questions, or if you would like additional information on reimbursement of local agencies or on how to participate in the Energy Commission's review of the project, please contact James W. Reede, Jr., Project Manager, at (916) 653-1245, or by email at jreede@energy.state.ca.us.

The status of the project, copies of notices, electronic version of the AFC, and other relevant documents are also available on the Energy Commission's Internet web site at www.energy.ca.gov/sitingcases/cityofvernon. You can also receive email notification of all project related activities and availability of reports by subscribing to the Listserve on the website.

Sincerely,

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

Enclosure