LATHAM&WATKINS LLP

DOCKET 06-AFC-4	
DATE	JAN 22 2008
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File No. 037484-0006

January 22, 2008

VIA FEDEX

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

Re: Vernon Power Plant Project: Docket No. 06-AFC-4

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's Status Report #9.

Please note that the enclosed submittal was filed today via electronic mail to your attention and to all parties on the CEC's current electronic proof of service list.

Very truly yours,

Paul E. Kihm
Senior Paralegal

Enclosure

cc: CEC 06-AFC-4 Proof of Service List (w/ encl.)
Michael J. Carroll, Esq. (w/ encl.)

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket No. 06-AFC-4
	)	
Application for Certification,	)	APPLICANT'S STATUS REPORT #9
for the VERNON POWER PLANT	)	
by The City of Vernon	)	
	)	
	)	

Applicant hereby submits its Status Report #9 regarding the Vernon Power Plant (the "VPP"). Applicant has reviewed staff's Status Report #4, and hereby also responds to the issues identified by the staff. Staff's Status Report #4 contains a number of significant misunderstandings and inaccuracies on the part of the staff, and as a result, contains an inappropriately negative assessment of the status of the VPP. The following corrects these misunderstandings and inaccuracies, and makes it clear that there is no legitimate basis for a suspension of CEC proceedings, as requested by staff.

Air Quality

The staff has misinterpreted South Coast Air Quality Management District ("SCAQMD") Rule 1309.1 – Priority Reserve, and staff's conclusion that the VPP would have to be reduced in size to qualify for offsets from the Priority Reserve is completely inaccurate.

Rule 1309.1, as amended on August 3, 2007, imposes certain requirements on projects seeking to obtain emission offsets from the Priority Reserve. The requirements vary depending on the location of the project, with more stringent requirements applicable to projects in areas with elevated levels of ambient particulate emissions, and in Environmental Justice Areas ("EJA"). The VPP is located in an EJA, as defined by Rule 1309.1. Attachment A to this Status Report is a September 17, 2007 letter from Applicant to the SCAQMD regarding the VPP's compliance with Rule 1309.1 eligibility requirements. The letter and its attachments identify the requirements applicable to projects located in an EJA, and demonstrate that the VPP meets all of the applicable requirements. This letter was previously provided to CEC staff (CEC Log No. 42592).

Staff's Status Report #4 states that Rule 1309.1 "limit[s] the eligibility of municipal power plants to use Priority Reserve emission reductions credits (ERCs) in certain areas of the District to an output no greater than native load requirements." The staff goes on to conclude that the "applicant would not have access to Priority Reserve Credits for air quality impacts mitigation at its proposed rating of 943 MW (gross generation capacity) because it exceeds its peak native load requirements of 203 MW established during summer 2007." Both of these statements are incorrect.

The provision to which staff is referring is paragraph (d)(14) of Rule 1309.1, which provides as follows:

> (14) The Executive Officer shall not authorize the release of any Priority Reserve credits for an In-District EGF [electric generating facility], unless the EGF seeking Priority Reserve credits has obtained certification from CEC and entered into a long-term contract with the Southern California Edison Company, or the San Diego Gas and Electric Company, or the State of California to provide electricity in Southern California; and complied with all other applicable provisions of this rule. However, a municipal-owned EGF need not enter into a long-term contract, provided such EGF is designed and constructed to not exceed its native demand load based upon future year projections to 2016 or earlier. A municipal-owned EGF obtaining Priority Reserve credits to exclusively serve its native load may not sell electricity to the state grid unless it is directed to do so under a direct order from Cal-ISO or under a state of emergency declared by the State of California or its agencies including the Cal-ISO. Any EGF may petition the Governing Board at a public hearing to waive the requirement to enter into a long-term contract in order to access the Priority Reserve. The Governing Board shall grant such a waiver if it finds that there is a need for additional power that is not being fulfilled by presently available long-term contracts. Any such petition shall not delay any other EGF's access to Priority Reserve credits.

Paragraph (d)(14), which, contrary to staff's understanding, applies to all projects regardless of location, does not impose a size restriction on municipal-owned projects as a condition to obtaining credits from the Priority Reserve. Rather, it provides relief from the requirement to obtain a long-term contract, which otherwise applies to all projects, for those municipal-owned projects that are restricted in size to that necessary to serve native load. Thus, the Applicant is free to propose a project with a capacity greater than its native load, and still obtain credits from the Priority Reserve. Applicant will simply have to obtain a long-term contract, just as any private project would, unless it seeks and obtains a waiver from the Governing Board.

The CEC staff correctly points out that the Applicant does not currently have a long-term contract for the sale of its power, as required by Rule 1309.1. With the exception of the CPV Sentinel Energy Project, none of the projects proposed in the SCAQMD and currently under review by the CEC have such contracts in place. This includes, for example, the Walnut Creek Energy Park, for which a Final Staff Assessment and Presiding Member's Proposed Decision recommending approval of the project were issued on April 12, 2007 and August 15, 2007, respectively. Clearly, the CEC has not required that a project intending to seek credits from the Priority Reserve have a long-term power sales agreement in place as a pre-requisite to continued CEC review, or even approval, of the project. Nor would it make any sense to do so since the paragraph of the rule that requires a long-term contract also requires a CEC certification. Both

objectives must be pursued in parallel. Finally, it is always possible that a CEC certified project could obtain a waiver from the requirement to obtain a long-term contract.

Thus, as long as the Applicant obtains a long-term contract, or obtains a waiver from this requirement, there is nothing in Rule 1309.1 that limits the size of the project (assuming the project meets all other applicable requirements, which the VPP does). Furthermore, the absence of a long-term contract at this stage of project review is not a basis for the CEC to discontinue its review or approval of the project. Since staff indicated in its Status Report #4 that the ability of the Applicant to demonstrate the ability to obtain sufficient credits was its most notable concern underlying its request to suspend the CEC proceedings, the discussion above should largely render that request moot.

The CEC staff has also correctly indicated that the SCAQMD has not provided a firm date by which it intends to issue a Preliminary Determination of Compliance ("PDOC") for the VPP. Once again, the VPP is hardly unique in this respect. From the date of amendment of Rule 1309.1 on August 3, 2007, up until January 11, 2008, the SCAQMD had not issued a single PDOC, Final Determination of Compliance ("FDOC"), or supplement thereto, for <u>any</u> projects currently under review by the CEC. On January 11, 2008, the SCAQMD issued a supplement to the previously issued FDOC for the Walnut Creek Energy Park. Other projects, for which post-amendment determinations of compliance have not been issued, and for which, as far as Applicant is aware, no firm date for issuance has been identified, include the Sun Valley Energy Project, the CPV Sentinel Project, the San Gabriel Generating Station and the AES Highgrove Project. Some of these projects submitted applications to the CEC and the SCAQMD much earlier than did the VPP.

Thus, while Applicant is also distressed about the timing associated with necessary determinations from the SCAQMD, and encourages the CEC to do what it can to expedite the processing of such determinations, the VPP is not unique in this regard, and the absence of certainty as to the issuance of a PDOC does not provide any basis for suspending the CEC proceedings. To the contrary, suspension of the CEC proceedings is likely to result in still further delay of the issuance of a PDOC by SCAQMD since that action is part of the very CEC process that would be suspended. It should also be noted that boilerplate conditions related to implementation of Rule 1309.1 have now been developed in the context of the Walnut Creek Energy Park. This development will hopefully speed the issuance of subsequent determinations, which will incorporate the same proposed conditions.

<u>Cooling Tower Plumes</u>

Staff's Status Report #4 identifies two potential issues related to cooling tower plumes: i) the potential for ground-hugging plumes to interfere with traffic in the immediate vicinity of the VPP; and ii) potential health impacts associated with the use of reclaimed water in the cooling system of the VPP.

With respect to the first issue, although Applicant believed that the analysis suggesting that ground-hugging plumes might pose a significant impact was highly equivocal, Applicant nevertheless reconfigured the entire project to address staff's concern. While it is not exactly

clear from staff's Status Report #4 that this issue has now been resolved to the satisfaction of the staff, it appears that this may be the case. Given the speculative nature of the potential impacts in the first place, and the level of effort that has gone into addressing staff's concerns, if staff remains unsatisfied with respect to this issue, it is likely a matter for adjudication.

With respect to the second issue, there is no basis whatsoever for staff's suggestion that the use of Title 22 reclaimed water in the cooling system for the VPP poses a potential threat to public health and safety. The suggestion is quite remarkable in light of the CEC's aggressive policy to encourage the use of reclaimed water for power plant cooling, and the significant number of projects recently approved by the CEC proposing to use reclaimed water. None of these projects identified a significant public health risk associated with the use of reclaimed water in cooling towers. The suggestion is made even more remarkable by the fact that the CEC's own expert in the area of public health, Dr. Obed Odoemelam stated in a public workshop on April 18, 2007 that he does not expect the use of reclaimed water in the cooling towers to pose a public health threat. Yet, inexplicably, the issue continues to be raised.

As staff is aware, the use of recycled water for cooling is governed by 22 Cal. Code Regs. § 60306, which requires that "[r]ecycled water used for industrial or commercial cooling or air conditioning that involves the use of a cooling tower, evaporative condenser, spraying or any mechanism that creates a mist shall be a disinfected tertiary recycled water." Various scientific studies have been conducted to test the health implications of use of tertiary treated water. The studies have shown that disinfected tertiary treated recycled water is virtually free from all pathogens, including viruses. Tertiary treatment has been found to reduce contaminants such as particles, bacteria, viruses, parasites, inorganics, organics, and radionuclides. A summary of these studies, which was previously provided to CEC staff (CEC Log No. 43298) is attached to this Status Report as Attachment B. Because the proposed power plant will use disinfected tertiary recycled water, and because this use will comply with the requirements of Title 22, no adverse health effects from the use of this recycled water would result.

Recognition of the beneficial and safe uses of recycled water has led the United States Environmental Protection Agency, the California State Water Resources Control Board, the California Department of Health Services, the California Conference of Directors of Environmental Health, the United States Bureau of Reclamation, and the Water Reuse Association of California to adopt a joint statement in support of the use of recycled water. See Statement of Support for Water Recycling, available at http://www.datainstincts.com/images/pdf/ healthsafety.pdf. The statement notes that "California's extensive experience with water reclamation provides reasonable assurance that the potential health risks associated with water reclamation in California are minimal, provided all regulations ... are adhered to" and that "California law and regulations are fully protective of human health." Id.

Notwithstanding the long-standing and well-supported proposition that use of Title 22 reclaimed water in power plant cooling towers does not pose adverse public health impacts – a proposition underlying approval of such use in many CEC decisions – Applicant conducted a specific analysis of the potential for adverse impacts on the adjacent Rite-Way Meats Facility. That

analysis, which indicated no anticipated significant impacts as a result of the VPP's use of reclaimed water, was shared with CEC staff (CEC Log No. 43298).

Given the foregoing, staff's continued expression of concern regarding public health impacts associated with cooling tower plumes is perplexing. Rather than suspending the proceedings, as suggested by staff, the best way to resolve any outstanding concerns is for the staff to issue its Preliminary Staff Assessment setting forth the basis for any continuing concerns. Given the precedent for use of reclaimed water for power plant cooling, and the analyses that have been completed specifically for the VPP, any remaining disagreements between the Applicant and staff with respect to this issue will likely require adjudication.

Finally, it should be noted that as set forth in an April 26, 2007 letter from the General Manager of the Central Basin Municipal Water District (Attachment C to this Status Report; CEC Log No. 40207), the VPP and its use of reclaimed water, is a "critical component" of the District's Southeast Water Reliability Project, which will conserve 6.5 billion gallons of drinking water annually. According to the District, "reaching the pipeline's full capacity is contingent on the construction of the Vernon Power Plant." Thus, the VPP water supply plan is not only protective of public health and safety, it contributes to the conservation of potable water – a key policy objective of the CEC.

Waste Management

Applicant acknowledges that the issue of project site remediation is complicated by the fact that Applicant does not currently own the site, and that the remediation is being undertaken by other parties. The involvement of these other parties, and Applicant's lack of control over them, has resulted in a process that is slower than the Applicant or CEC staff desire. However, while there are also some underlying jurisdictional issues, Applicant has done its best to facilitate the flow of information between the property owner and its consultants and the CEC and DTSC staffs. For example, on May 14, 2007, Applicant arranged for the consultants to the property owner to participate in a CEC workshop to explain ongoing site investigation, remedial action plan development, and to answer questions from CEC and DTSC staffs.

Staff's Status Report #4 is incorrect in its assertion that Applicant has "not met with DTSC nor responded to DTSC over the past nine months." The Applicant, Applicant's counsel, the current property owner, and the property owner's consultants have all been communicating with DTSC on a regular basis since the April 18, 2007 workshop at which DTSC indicated its desire to be involved in oversight of the site remediation. While not an exhaustive list, the following is a summary of the most recent communications:

- September 5, 2007 communication between Dan Downing (Applicant) and Christine Bucklin (DTSC) regarding joint City/DTSC review of site remediation.
- September 11, 2007 communication between Dan Downing and Yolanda Garza (DTSC) regarding coordinating review of remediation plan between the City and DTSC.
- October 10, 2007 communication between Dan Downing and Christine Bucklin.
- October 11, 2007 communication between Dan Downing and Christine Bucklin regarding oversight of the remediation work.

- November 1, 2007, teleconference with Gene Lucero (Latham & Watkins, LLP), Dan Downing and Lewis Pozzebon (Applicant), and DTSC representatives.
- November 5, 2007 communication between Dan Downing and Sara Amir (DTSC) regarding coordination of review of remediation plan.
- November 6, 2007 communication between Dan Downing and Sara Amir regarding coordination of review of remediation plan
- November 7, 2007, meeting at DTSC's offices with Gene Lucero, Dan Downing, Lewis Pozzebon, Geomatrix (property owner's consultant) and Pechiney (property owner).

Applicant has also been in frequent communication with the current property owner and its consultants regarding the development of the remedial action plan for the site, including providing comments on the draft plan. Based on a communication between Applicant and the consultants for the current property owner on January 17, 2008, Applicant understands that the consultant will be submitting the Feasibility Study/Remedial Action Plan for the site to the DTSC in approximately two weeks. It would also be made available to the CEC at that time.

Outstanding Discovery Requests

Applicant acknowledges that it has not yet provided responses to Waste Management Data Requests 60, 62b, 64, 65, and 67 and to Transmission System Engineering Data Requests 70 and 73. Applicant must receive a copy of the Feasibility Study/Remedial Action Plan from the property owner's consultant before it is able to respond to the outstanding Waste Management requests. As stated above, it is anticipated that this document will be available within the next two weeks, which would allow Applicant to respond to the outstanding data requests in this area. With respect to transmission system engineering, Applicant must receive responses to letters sent to the Los Angeles Department of Water and Power and the California Independent System Operator, respectively, to be able to provide responses to Data Requests 70 and 73. Applicant continues to follow up with these entities to ascertain the information needed to properly respond to outstanding data requests.

Community Outreach and Interveners

Applicant acknowledges that the VPP is currently opposed by certain community organizations, and that local governmental entities, including the City of Los Angeles and the County of Los Angeles have intervened to ensure that the VPP does not adversely impact the environment or public health. Applicant remains committed to engaging with these entities, to the extent they are willing, in an effort to address their concerns regarding the VPP.

Applicant and the Natural Resources Defense Council ("NRDC") have jointly retained the consulting firm of Gladstein, Neandros and Associates ("GNA") to develop a proposed community benefits/mitigation proposal for the VPP. While GNA is being paid by the Applicant, it has been retained on behalf of both the Applicant and NRDC, which direct GNA jointly. GNA has developed a proposed scope of work, and the parties will meet on January 31, 2008 to discuss it. Whether this effort results in a set of proposals that fully address the concerns that have been raised remains to be seen, but it is a concrete example of Applicant's willingness to engage with the community regarding their concerns. It should also be noted that the VPP has

received hundreds of expressions of support from the community in the form of verbal testimony and written communications which have been docketed with the CEC.

Schedule

Staff's request that the AFC proceedings by suspended is unwarranted. First, it is not a pre-requisite to the continuation of proceedings before the CEC that an applicant demonstrate to the satisfaction of the staff that it can "successfully resolve all significant permitting issues." If that were the case, there would never be a contested evidentiary hearing. If the staff continues to have unresolved issues with the proposed project, its obligation is to set forth those issues in its Preliminary Staff Assessment, and Final Staff Assessment, if necessary. Furthermore, based on the information in this Status Report, and information previously provided to staff, Applicant has addressed virtually all of the "significant permitting issues" identified by staff in its Status Report #4, including its most notable concern – the availability of emission offsets. In fact, there appear to be very few unresolved issues associated with the project, relative to the number of outstanding issues that typically exist at the PSA stage of the CEC proceedings.

While there are pending data requests related to waste management and transmission system engineering, more than sufficient information has been provided on these topics to allow staff to complete PSA sections. With the exception of air quality, staff should also be prepared to issue a PSA for all other subjects. As stated above, any remaining issues related to cooling tower plumes are unlikely to be resolved through further discussion with the staff. Applicant concedes that until the SCAQMD issues a PDOC, staff cannot complete the air quality section of the PSA. Therefore, Applicant requests that the Committee direct the staff to issue a bifurcated PSA on all issues except air quality, and to direct that the air quality section of the PSA be issued within 30 days of SCAQMD's issuance of a PDOC.

DATED: January 21, 2008

Respectfully submitted,

Michael J. Carroll
of LATHAM & WATKINS LLP
Counsel to Applicant

A

City of Vernon

LIGHT & POWER DEPARTMENT
Donal O'Callaghan, Director of Light & Power

September 17, 2007

Mr. Chandrashekhar S. Bhatt
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Dear Mr. Bhatt:

This letter responds to the August 16, 2007 letter from Mr. Mohsen Nazemi of your agency requesting that the City of Vernon provide documentation demonstrating that the proposed Vernon Power Plant ("VPP") will comply with the requirements of South Coast Air Quality Management District ("SCAQMD") Rule 1309.1 as amended on August 3, 2007. Mr. Nazemi's letter indicates that the SCAQMD staff has made a preliminary determination that the VPP is located in an Environmental Justice Area ("EJA"), as defined in Rule 1309.1, which we will assume to be the case for purposes of this response. The letter also correctly points out that the VPP will have an output of greater than 500 megawatts.

The attached information (Attachments A and B) documents the ability of the VPP to meet the requirements applicable to an electric generating facility of greater than 500 megawatts in an EJA, as set forth in the attachment to Mr. Nazemi's letter.

We would also like to take this opportunity to request that the SCAQMD formally initiate the process for obtaining Governing Board approval of the plan to invest the anticipated mitigation fees from the VPP pursuant to paragraph (d)(13) of the revised rule. While the City would welcome an opportunity to participate in this process, we assume that it will be largely a SCAQMD staff driven process with input from the local community. Please let us know what the next steps in this process will be.

4305 Santa Fe Avenue, Vernon, California 90058 Telephone (323) 583-8811 Fax (323) 826-1425

Exclusively Industrial

Please contact Dr. Krishna Nand at (323) 583-8811, Ext 211, if you have any questions or if you need additional information.

Sincerely,

Donal O'Callaghan
Director of Light & Power

Attachments

cc: Mohsen Nazemi, SCAQMD
Roger Johnson, CEC
James Reede, CEC
Mike Carroll, Latham & Watkins LLP
John Carrier, CH2MHill
Krishna Nand
Document Control

Attachment A
Supporting Documentation for Compliance Demonstration with Amended Rule 1309.1 for the Proposed Vernon Power Plant
(located in an Environmental Justice Area and Capacity greater than 500 MW)

TOXIC REQUIREMENTS		
Parameter	**Amended Rule 1309.1 Requirement**	**Value for the Proposed Vernon Power Plant**
Cancer	< 0.5 in-a-million	Maximum cancer risk is estimated at 0.276 in-a-million
Hazard Index	< 0.1	Maximum chronic and acute hazard indices are estimated at 0.0198 and 0.0537, respectively.
Cancer Burden	< 0.05	Cancer burden is 0.007 for a cancer risk of 1-in-10 million (1-in-10-million risk level).
CRITERIA POLLUTANT REQUIREMENTS		
PM10 Emission Controls	NG Only & ≤ 0.035 lb/MW-hr	NG Only & 0.0312 lb/MW-hr (also see Attachment B)
NOx Emission Controls	≤ 0.050 lb/MW-hr	0.0495 (also see Attachment B)
Total Combined Gas Turbines PM10 Hourly Emissions	≤ 30.0 lbs/hr	PM10 hourly emissions from three combustion gas turbines and three duct burners have been estimated at 29.7 lbs/hr.
Total Combined Gas Turbines PM10 24-hr Impact	≤ 2.5 $\mu g/m^3$	Maximum 24-hr impact from three combustion gas turbines and three duct burners has been estimated at 1.96 $\mu g/m^3$.
Total Combined Gas Turbines PM10 Annual Impact	≤ 0.5 $\mu g/m^3$	Maximum annual impact from three combustion gas turbines and three duct burners has been estimated at 0.45 $\mu g/m^3$.
Annual Hours of Operation Limit, if Simple Cycle	≤ 3,000 hrs/yr	Not Applicable. Vernon Power Plant will be a Combined Cycle Facility

Attachment B

Vernon Power Plant (VPP) Compliance Determination
New SCAQMD Rule 1309.1 (August 3, 2007) at 59 deg F

NOTE:

1. PM10 and NOx emission limits in lb/MW-hr are based on gross output (see SCAQMD Final Staff Report, page 20, dated July 2007), Ref.1.
2. Emission limits applicable to the Vernon Power Plant are from the Mohsen Nazemi's letter dated August 16, 2007 to the City of Vernon.

1. Compliance with PM10 Emission Limit of 30 lb/hr (all three CTGs and three Duct Burners)

Duct Burner Firing Condition (Design Basis Duct Burner, 142 MMBtu/hr, HHV), Evaporative Cooler ON: VPP will be in compliance (PASS)

PM10 emission rate/CTG plus Duct Burner	9.9	lb/hr	Ref. 2
PM10 emission rate/3 CTGs and 3 Duct Burners	***29.7***	***lb/hr***	

2. Compliance with PM10 lb/MWhr Emission Limit of 0.035

Duct Burner Firing Condition (Design Basis Duct Burner, 142 MMBtu/hr, HHV), Evaporative Cooler ON: VPP will be in compliance (PASS)

PM10 emission rate/CTG plus Duct Burner	9.9	lb/hr	
PM10 emission rate/3 CTGs and 3 Duct Burners	29.70	lb/hr	
Facility Gross Power Output (includes power from steam turbine)	951	MW/hr	Ref. 2
Emission in lb/MW-hr	***0.0312***	***lb/MW-hr***	

3. Compliance with NOx lb/MWhr Emission Limit of 0.050

Duct Burner Firing Condition (Design Basis Duct Burner, 142 MMBtu/hr, HHV), Evaporative Cooler ON: VPP will be in compliance (PASS)

NOx emission rate/CTG plus Duct Burner	15.70	lb/hr	Ref. 2
NOx emission rate/3 CTGs and 3 Duct Burners	47.10	lb/hr	
Facility Gross Power Output (includes power from steam turbine)	951	MW/hr	Ref. 2
Emission in lb/MW-hr	***0.0495***	***lb/MW-hr***	

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Staff Report

Proposed Amended Rule 1309.1 – Priority Reserve; and
Proposed Re-Adopted Rule 1315 – Federal New Source Review Tracking System

July 2007

Deputy Executive Officer
Planning, Rule Development and Area Sources
Elaine Chang, DrPH

Assistant Deputy Executive Officer
Planning, Rule Development and Area Sources
Laki Tisopulos, Ph.D., P.E.

Planning & Rules Manager
Planning, Rule Development and Area Sources
Larry M. Bowen, P.E.

Author: Shams Hasan – Air Quality Specialist

Reviewed By: Robert R. Pease, P.E. – Program Supervisor
William Wong – Senior Deputy District Counsel
Barbara Baird – Principal Deputy District Counsel
Mohsen Nazemi, P.E. – Assistant Deputy Executive Officer

Contributors: Mike Mills, P.E. - Senior Air Quality Engineering Manager
Mitch Haimov, P.E. – AQ Analysis and Compliance Supervisor
John Yee, P.E. – Senior Air Quality Engineer

conditions. The actual operating conditions will then be converted to ISO conditions of 59 degrees Fahrenheit, 60% relative humidity, and 14.7 psia; and using gross MW output.

Comment:	Are the PM10 and NOx emissions rates based on net output or gross output?
Response:	*The PM10 and NOx emissions rates are based on gross output.*

Comment: Is the hourly limit on mass emissions of PM10 intended to apply to all equipment, permitted and exempt at the facility, or only to electrical generating units?

Response: *For new EGFs with a generation capacity of greater than 500 MW and located in Zone 3 or in an EJ Area, the cumulative hourly limit based on mass emissions of PM10 shall apply only to proposed electrical generating equipment requiring permits at the facility. It shall not apply to existing permitted equipment, Rule 219 exempt equipment, or new non-electric producing equipment.*

Comment: Are the limitations on 24-hour and annual modeled PM10 impacts based on emissions from all equipment, permitted and exempt at the facility, or only to electrical generating units?

Response: *The cumulative PM10 24-hr and annual impacts as required under Zones 2, 3, and the EJ Areas shall apply only to proposed electrical generating equipment requiring permits at the facility, but they apply to all new or modified equipment. It does not apply to existing permitted equipment, Rule 219 exempt equipment, or new non-electric producing equipment.*

Comment: What is the rounding convention that will be applied to the proposed standards? For example, if the standard is 0.050, will a level of 0.0503 be deemed compliant?

Response: ~~*There is no rounding convention. For example, for Zone 3, the rule requires the rate of NOx emissions does not exceed 0.050 lbs/MW-hr. Any emission level above this, such as 0.0503, would not be in compliance.*~~ *Staff has reviewed the rounding convention used in other District rules, other air quality data and standards and the rounding convention used by other public agencies for similar standards. Staff proposes to use that same rounding convention for the purposes of the standards in paragraph (b)(5). The values to be rounded up or down using the digit just beyond the given number of decimal places of the standard according to the standard rounding conventions that values below 5 round down, while those that are equal to or greater than 5 round up. For example, for the standard of 0.050, the value of 0.0504999 or less rounds to 0.050 and would comply.*

SIEMENS

September 13, 2007

Mr. Donal O'Callahan
City of Vernon
4305 Sante Fe Avenue
Vernon, CA 90058

Subject: Vernon SCC6-5000F 3x1 Emissions

Dear Donal:

We understand that the City of Vernon would like to have the following data for the proposed Vernon Power Plant to show compliance with the South Coast Air Quality Management Districts Amended Rule 1309.1:

1. PM10 emissions from one combustion turbine generator and one duct burner in pounds per hour at full load at 59 deg F, 60% relative humidity, and 14.7 psia pressure.
2. NOx emissions from one combustion turbine generator and one duct burner in pounds per hour at full load at 59 deg F, 60% relative humidity, and 14.7 psia pressure.
3. Gross power generation from the Vernon Power Plant in MW/hr (all three combustion turbine generators and the steam turbine) at full load at 59 deg F, 60% relative humidity, and 14.7 psia pressure.

Siemens has reviewed the Gas Turbine Performance data for the proposed Vernon Power Plant Project and we are pleased to provide the above information in the following Table 1:

Table 1
Vernon Power Plant Gas Turbine Performance Data

Parameter	Siemens SGT6-5000F Gas Turbine Estimated Performance Data
PM10 emissions from one combustion turbine generator and one duct burner at full load at 59 deg F, 60% relative humidity, and 14.7 psia pressure. **Note: Duct burner heat input is 142 MMBtu/hr (HHV)**	9.9 lb/hr
NOx emissions from one combustion turbine generator and one duct burner at full load at 59 deg F, 60% relative humidity, and 14.7 psia pressure. **Note: Duct burner heat input is 142 MMBtu/hr (HHV)**	15.7 lb/hr
Gross power generation from the Vernon Power Plant (all three combustion turbine generators and the steam turbine) at full load at 59 deg F, 60% relative humidity, and 14.7 psia pressure. **Note: Duct burner heat input is 142 MMBtu/hr (HHV)**	951 MW/hr

Best regards,

Jerry Stretch
District Sales Manager

CC: Thomas Karastamatis

Siemens Power Generation, Inc.

4400 Alafaya Trail
Orlando, FL 32826-2399

B

Attachment B
Summary of Studies of Use of Reclaimed Water

Pomona Virus Study

Using the methods set forth in Title 22, the Sanitation Districts of the County of Los Angeles conducted the Pomona Virus Study on tertiary treated recycled water in 1977. See G. Fred Lee, Ph.D., P.E., D.E.E. & Anne Jones-Lee, Ph.D., Public Health Significance of Waterborne Pathogens in Domestic Water Supplies and Reclaimed Water (Dec. 1993), available at http://www.gfredlee.com/path-2.htm ("Public Health Significance"). The Pomona Virus Study tested the abilities of four different tertiary treatment systems to remove viruses. The study added laboratory-cultured viruses and coagulant to a water sample and passed it through treatment facilities consisting of a clarifier and a sand filter meeting the requirements of sections 60301.230 and 60301.320 of Title 22. See State of California, Division of Drinking Water and Environmental Management, Treatment Technology Report for Recycled Water App. A at 27 (Aug. 2003). The treatment "reduced the concentration of virus plaque-forming units to 1/100,000th of the concentration in the wastewater upstream from the filter, when the chlorine residual was at least 5 milligrams per liter and at least sufficient to reduce the concentration of total coliform bacteria to less than 2 per hundred milliliters." Id. The study thus concluded that virus removal through tertiary treatment was possible.

Multiple regulations and guidelines for the use of recycled water have been based on the Pomona Virus Study. See University of Guelph, Water Reclamation and Reuse Information Center, http://www.soe.uoguelph.ca/webfiles/khosrow/wrric/Health/pomona.htm. In addition, the study was referenced as "the basis for comments to the regional water quality control boards on proposed recycling project requirements, to ensure adequate public health protection when recycled water is used." Initial Statement of Reasons, Water Recycling, Chapter 3 Water Recycling Criteria, at 4.

Whittier Narrows Study

In 1978, a study was conducted to determine whether the Whittier Narrows water reclamation treatment procedure had any adverse effect on the health of individuals ingesting treated groundwater. The study included "extensive microbiological and chemical water quality characterization, percolation studies, toxicological studies, and epidemiological studies." James Crook, Water Reuse Experience in the U.S. 12, available at http://www.p2pays.org/ref/19/18610.pdf ("Water Reuse Experience"). The study "did not demonstrate any measurable adverse effects on the area's groundwater or the health of the population ingesting the water." Id.

Monterey Wastewater Reclamation Study for Agriculture Study

Beginning in 1980, the ten-year Monterey Wastewater Reclamation Study for Agriculture researched the ability of the methods detailed in Title 22 to remove enteric viruses, as well as the survivability of enteric viruses on food crops, mainly those eaten raw. See Water Reuse Study. No enteric viruses were detected in the recycled water or recovered from crop samples during the study. See id. In addition, aerosols generated from sprinkler irrigation did not contain bacteria

of wastewater origin. See id. The study concluded that "process controls required by [Title 22] ... were sufficient to exclude the possibility of residual pathogen content in recycled water ...." Id.

Tertiary Water Food Safety Study

The 1997 Tertiary Water Food Safety Study, was conducted to determine the continued viability of the Monterey Wastewater Reclamation Study for Agriculture and "did not detect any Salmonella, Cyclospora, E. Coli 0157:H7, Cryptosporidium, or Legionella in any of the samples of disinfected tertiary recycled water." Water Reuse Study. This study determined that effluent did not produce significant health effects and that the risks of using tertiary treated water were similar to risks estimated for the use of commonly used surface water. See Public Health Significance.

Water Factory 21 Study

The Orange County Sanitary District's Water Factory 21 Study determined that the tertiary treatment procedure "reliably produces high-quality water." Water Reuse Experience. The virus sampling in this study indicated that "the effluent is essentially free of measurable levels of viruses." Id. There were no significant health effects from using this tertiary treated water and no risks greater than the risk of using surface water. See Public Health Significance.

City of San Diego Health Effects Study

The City of San Diego's Health Effects Study monitored tens of thousands of gallons of non-chlorinated effluent from its tertiary treatment wastewater plant and found that the plant "consistently produced high quality effluent." Water Reuse Experience. The study ultimately concluded that "the health risks associated with the use of the ... [plant] as a raw water supply [are] less than or equal to that of the existing City raw water." Id.

C

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April 26, 2007

Dr. Barry Wallerstein, D.Env., Executive Officer
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4182

Dear Dr. Wallerstein:

On behalf of the Central Basin Municipal Water District Board of Directors, I would like to take this opportunity to express our support for the Vernon Power Plant—an important regional project that will use recycled water to bring much-needed power to Southern California.

The Vernon Power Plant is a critical component of our Southeast Water Reliability Project, which is Central Basin's largest recycled water project in recent years. Comprised of 11-plus miles of pipeline, it will bring recycled water to the area's large industrial and irrigation facilities. The Vernon Power Plant will be our largest recycled water customer, a partnership that will allow us to increase our pipeline capacity to serve additional customers throughout the region and conserve more than 6.5 billion gallons of drinking water annually. Reaching the pipeline's full capacity is contingent on the construction of the Vernon Power Plant.

As the General Manager of the Central Basin, I can tell you about the value of a recycled water project of this size. Using recycled water saves millions of gallons of precious drinking water for the region and helps the environment by drastically reducing the amount of wastewater discharged into the ocean. Additionally, the availability of recycled water will improve local economic development, enabling cities to offer lower water rates as incentives to attract new businesses.

We view construction of the Vernon Power Plant as proposed as a win-win. It will achieve long-term energy and water reliability for the region, broaden key partnerships for future conservation projects and expand the benefits and use of recycled water for generations to come. If you would like additional information about the Southeast Water Reliability Project or our support for the Vernon Power Plant, please contact me at (310) 436-2605.

Thank you,

Art Aguilar
General Manager

Encl.: Southeast Water Reliability Project Fact Sheet
cc: Dr. James Reede, Sitting Project Manager, California Energy Commission
Jeff Harrison, City Attorney, City of Vernon

Southeast Water Reliability Project

The Big Picture

In an effort to conserve the area's groundwater and reduce reliance on imported water, Central Basin Municipal Water District is moving forward with the Southeast Water Reliability Project (SWRP). Since Southern California is a semi-desert region, water conservation is vital to ensuring a safe and reliable water supply. Using recycled water for commercial, industrial and landscape-irrigation uses instead of drinking water is an important component in Central Basin's conservation plan.

About the Project

With industrial sites as the largest single users of potable water, SWRP would deliver recycled water to many large industrial and irrigation facilities, providing regional water-saving benefits. The 11-plus mile pipeline will extend from Pico Rivera through Montebello and southeast Los Angeles County, connecting to the existing system in Vernon. Additionally, the project will enhance the operation reliability of the current system by completing an actual "loop" of existing pipelines. Once completed, SWRP will conserve more than 6.5 billion gallons of water annually.

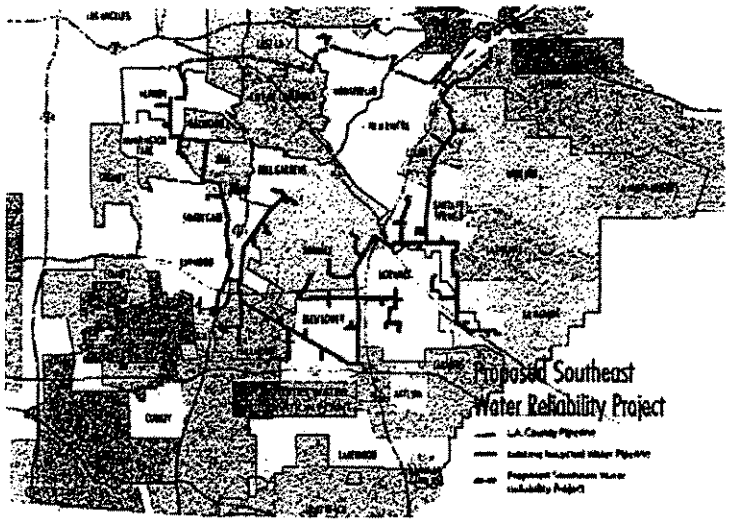
Benefit to the Public

This type of project is vital to sustaining a reliable supply of water for Southern California, which imports most of its water from Northern California and the Colorado River. With these sources of water becoming increasingly limited, agencies such as Central Basin are working to develop a plan to reduce dependency on imported water sources. Recycled water offers a viable solution. As recycled water becomes available throughout Los Angeles County, it can be used for commercial, industrial and landscape-irrigation purposes, conserving the region's potable water supply.

Central Basin's ability to produce recycled water locally also means less impact on fragile ecosystems, less energy to pump imported water long distances and a reliable water supply for the region. As an added benefit, Central Basin's recycled water can be purchased for less than potable water and is virtually drought-proof, providing an economic incentive for businesses in the area to use recycled water. The lower cost of water will also attract more businesses to the area, providing an opportunity for regional economic growth. SWRP was designed through Central Basin's proactive approach to water conservation and environmentally-sound practices and will be a great benefit to southeast Los Angeles County. It is expected to be completed in 2009.

Benefits of recycled water

- Effective means of conserving drinking water
- Reduces dependence on imported water
- Cost-effective
- Not subjected to water rights laws
- Produced locally
- Helps the environment
  - Reduces amount of treated wastewater discharged into the ocean
  - Used for restoring wetlands
  - Used for seawater barrier to protect the groundwater



STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket No. 06-AFC-4
	)	
Application for Certification,	)	**ELECTRONIC PROOF OF SERVICE**
for the VERNON POWER PLANT PROJECT	)	**LIST**
by the City of Vernon	)	
	)	(Revised January 22, 2008]
	)	

☒ Transmission via electronic mail and by depositing one original signed document with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the following:

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VERNON POWER PLANT PROJECT
CEC Docket No. 06-AFC-4

DECLARATION OF SERVICE

I, Paul Kihm, declare that on January 22, 2008, I deposited a copy of the attached:

APPLICANT'S STATUS REPORT #9

with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the California Energy Commission. I further declare that 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. Executed on January 22, 2008, at Costa Mesa, California.

Paul Kihm