

CALIFORNIA ENERGY COMMISSION

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

March 26, 2008

DOCKET 07-AFC-6	
DATE	MAR 26 2008
RECD.	MAR 26 2008

Mr. Don Neu, Planning Director
City of Carlsbad
Planning Department
1635 Faraday Avenue
Carlsbad, CA 92008

RE: Carlsbad Energy Center Project (07-AFC-6)

Dear Mr. Neu:

On September 14, 2007, Carlsbad Energy Center LLC (Applicant), submitted an Application for Certification (AFC) to the California Energy Commission to construct and operate the Carlsbad Energy Center Project (CECP). On October 31, 2007, the AFC was accepted as complete. A brief summary of the project is included in the attached fact sheet.

Energy Commission staff has begun its assessment of the project (a summary of this 12-month licensing process is attached). As part of our assessment, we are interested in the City of Carlsbad (City) position related to the CECP's consistency with existing City documents that govern on-site land uses at the proposed CECP site and the surrounding area, which includes the existing Encina Power Station (see Title 20, California Code of Regulations section 1714.5). We would like to incorporate the City's input and address any concerns it may have in our Preliminary Staff Assessment (PSA). We expect to release the PSA for public review and comment by June 2008.

Based on correspondence from the City and meetings between City staff and Energy Commission staff, we have determined that there are multiple City land use documents that would govern the proposed CECP site, were it not for the exclusive authority of the Energy Commission (see attached fact sheet). We also understand that these various planning documents, due to the specific nature of each and the period in which they were adopted by the City, have potential inconsistencies with each other. It is our understanding that there are six City planning documents that currently apply to the proposed CECP site, including:

- The General Plan;
- The Zoning Ordinance;
- Specific Plan 144;
- The Encina Power Station Precise Development Plan;
- The Local Coastal Plan, including the Agua Hedionda Land Use Plan; and
- The South Carlsbad Coastal Redevelopment Plan.

PROOF OF SERVICE (REVISED 2/5/08) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 3/26/08

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Given the complex nature of the multiple planning documents governing the CECP site and surrounding area, we would appreciate input from the City regarding the City's interpretation of its zoning ordinances and land use plans that it believes apply to the CECP. Specific information that will assist us in our analysis includes:

- A brief description of the intent of each document and the document's applicability, if any, to the CECP. If any of the documents listed have no applicability to the CECP, please state the reasons for their inapplicability. Based on discussions with City staff, it is our understanding that the South Carlsbad Coastal Redevelopment Plan is currently the only adopted/approved City plan that may have applicability to the CECP and the surrounding Encina Power Station. Please clarify, whether or not, our understanding is accurate;
- The action or permit that would be required by each document for the CECP, if the City were the permitting agency. It is our understanding that if the City were the permitting agency for the CECP, a Redevelopment Permit would be required, and "*Findings of Extraordinary Public Benefit*" would be required as part of that permit. If our understanding is accurate, please provide the basis for such a finding, and the conditions that would be included in the permit; and
- A list of applicable policies and requirements, if any, from each applicable document, and the City's consistency determination for the CECP for each of those policies. If inconsistencies are identified, please provide the action that would bring the project into consistency with the specific policy or objective.

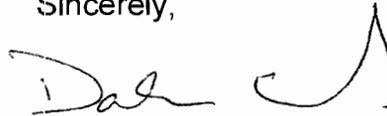
Prior to making findings for its license, the Energy Commission needs to know the type of actions and/or permit(s) (and the associated specific details as requested above) that would be required by the City, but for the exclusive authority of the Energy Commission and what conditions the City of Carlsbad would attach to this project, were it the permitting agency. Please provide the City's specific findings that would be included as part of each action and/or permit(s), the conditions, (if known) that the City would place on the project. Please provide this information and recommended conditions to Energy Commission staff by April 17, 2008. Any conditions recommended by the City will be considered by Energy Commission staff for inclusion in the staff's recommended conditions of certification for the project.

As indicated, we request that the City of Carlsbad respond by April 17, 2008, addressing the requests noted above. In your review of the AFC, if you have any other issues or concerns, or need additional time to respond, please let us know.

Mr. Neu
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Please contact Mike Monasmith, Siting Project Manager, by phone at (916) 654-4894 or by email at mmonasmi@energy.state.ca.us, should you have any questions or need additional time.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Edwards", with a stylized flourish at the end.

Dale Edwards, Manager
Environmental Protection Office
Energy Facilities Siting Division

cc: Docket (07-AFC-⁶~~2~~)
Proof of Service List
Mr. Joe Garuba, City of Carlsbad
Mr. Scott Donnell, City of Carlsbad
Ms. Debbie Fountain, City of Carlsbad

FACT SHEET

Proposed Project Summary

The proposed Carlsbad Energy Center Project (CECP) will be a 558-MW gross combined-cycle generating facility configured using two units with one natural-gas-fired combustion turbine and one steam turbine per unit. Carlsbad Energy Center LLC (the Applicant), an indirect wholly owned subsidiary of NRG Energy, Inc., is proposing to develop the CECP to meet the electrical resource needs of the local area as defined by San Diego Gas and Electric (SDG&E), and to provide overall system reliability.

The approximately 23-acre CECP site is located in the city of Carlsbad, in San Diego County in an area zoned Public Utility, which specifically allows electrical generation and transmission facilities. As part of the CECP, existing steam boiler Units 1, 2, and 3 at the existing Encina Power Station will be retired. The retirements will occur upon the successful commercial operations of the new CECP generating units. The CECP units will connect to the electrical transmission system via 138-kilovolt (kV) and 230-kV lines that connect to the respective, nearby existing SDG&E switchyards at the existing Encina Power Station. Natural Gas will be provided from the existing Southern California Gas Company (SoCalGas) transmission pipeline (Line TL 2009, "Rainbow line"), which is located immediately adjacent to the CECP site, on the west side parallel to the existing rail line via a 1,100 foot long interconnection pipeline. With the exception of short, onsite interconnections, no offsite transmission or gas supply lines are required for the project.

Energy Commission Licensing Process

The Energy Commission has the exclusive authority to license all new power plants and additions, 50 MW or greater in the state (Pub. Resources Code, §§ 25110, 25120, and 25500). The Energy Commission's license takes the place of other state, regional, and local permits (e.g., conditional use permit and variance), and other entitlements that would otherwise be required. 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 and natural gas and water pipelines that would serve the project. The Energy Commission is the lead agency under the California Environmental Quality Act (CEQA) for all AFCs and has a certified regulatory program under CEQA.

As part of the licensing process, the Energy Commission must determine whether a proposed facility complies with all applicable state, regional, and local laws, ordinances, regulations, and standards (LORS) (Pub. Resources Code, § 25523(d)(1)). The Energy Commission must either find that a project conforms to all applicable LORS or make specific findings that a project is needed for public convenience and necessity even where the project is not in conformity with all applicable LORS (Pub. Resources Code, § 25525). For the Energy Commission to determine whether a proposed power plant project would comply with applicable LORS we seek out and welcome input from other state, regional, and local agencies.

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

**APPLICATION FOR CERTIFICATION
FOR THE *CARLSBAD ENERGY CENTER*
*PROJECT***

**Docket No. 07-AFC-6
PROOF OF SERVICE
(Revised 2/5/2008)**

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:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 07-AFC-6
1516 Ninth Street, MS-14
Sacramento, CA 95814-5512
docket@energy.state.ca.us

APPLICANT

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INTERVENORS

California Unions for Reliable Energy ("CURE")
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Hearing Officer
pkramer@energy.state.ca.us

DECLARATION OF SERVICE

I, Christina Flores, declare that on March 26, 2008, I deposited copies of the attached Letter to the City of Carlsbad 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.


Christina Flores