City of Carlsbad
Office of the City Manager

October 22, 2008

DOCKET
07-AFC-6
DATE OCT 22 2008
RECD. OCT 30 2008

Mr. James Avery
Senior Vice President
SDG&E
8330 Century Park Court
San Diego, CA 92123-1530

RE: SUPPLEMENT TO CARLSBAD ENERGY CENTER PROJECT (07-AFC-6) AND THE CITY OF CARLSBAD'S OPPOSITION TO THE PROPOSED SWITCHYARD RELOCATION

Dear Mr. Avery:

On August 11, 2008, the California Energy Commission distributed supplemental information from Carlsbad Energy Center LLC, detailing four important changes to its Carlsbad Energy Center Project (CECP). One of the changes would relocate the San Diego Gas and Electric (SDG&E) 230 kV switchyard, from its present location west of the railroad tracks, to a proposed location on the east side of the tracks. The new location would be just south of and next to the CECP on an approximately 13 acre, mostly vacant parcel owned by SDG&E. Currently, the Cannon Substation occupies a small portion of the property.

In addition to the proposed 230 kV switchyard, the supplemental information (NRG's Project Enhancement and Refinement Revised Figure 2.1-1) identifies that the mostly vacant parcel is also scheduled for an expansion of the Cannon Substation and the relocation of a 138 kV Encina Switchyard. It is unclear, however, if these additional features are included as part of the CECP or are planned future improvements.

On August 12, 2008, the City Council approved Resolution 2008-235 (attached) reconfirming its guiding principles for construction of a new power plant and re-use of the subject property, which includes those SDG&E properties adjacent to the CECP and existing Encina Power Station. The resolution reaffirms the City's position that the future development of non-coastal dependent industrial uses, including the CECP, will not be supported. It is anticipated that there will be a zone change in the future that will formalize this land use position.

The planned switchyard and substation improvements, whether or not they are all part of the CECP, represent an intensification of non-coastal dependent, industrial land uses in the existing EPS area. Additionally, the 230 kV switchyard relocation does not appear to reduce the presence of industrial uses on the west side of the railroad tracks, as evidenced by revised figures 1.3-1 and 2.1-1. This is certainly counter to the City's position, and, as noted in the attached resolution,

"any non-coastal dependent industrial land use (including power generation) at the Encina Power Station site ...is inconsistent with the best interests of the community and should be precluded."

Furthermore, *any* improvements proposed in the subject area would need to comply with the City's longstanding requirement that a comprehensive update of the Encina Specific Plan 144 first occur before any land use decisions are approved. The update of the specific plan is crucial to identifying acceptable future land uses and guiding development and redevelopment of the area. Specific Plan 144 encompasses the EPS, Agua Hedionda Lagoon, and adjacent SDG&E properties. Similarly, recognizing that certain land uses may not be appropriate to the City's land use objectives, the South Carlsbad Coastal Redevelopment Area requires a finding of extraordinary public purpose for certain land uses, including those that generate and transmit electrical energy. It is not at all obvious how this finding would be made for this project, considering its industrial nature and its regional-serving, rather than just community-serving, orientation.

Besides the inconsistencies with Carlsbad land use plans, the proposed improvements may be greatly affected by two significant projects: the widening of Interstate 5 along the proposal's east border and the construction of a new major sewer pipeline replacement along its western border. The former project will enlarge the freeway to the west, likely requiring right of way acquisition and removal of screening berms and trees. Likewise, the sewer line replacement will require widening of the existing easement for the sewer from its current 18 foot width to a minimum 38 foot width.

Carlsbad acknowledges the need for a new in-basin energy generating facility and related infrastructure. The City is also supportive of serving as a host to these types of facilities, as demonstrated by the numerous regional facilities within its boundaries, such as the Encina Wastewater Treatment Plant and McClellan-Palomar Airport. However, it no longer believes that the sites selected for the CECP and the switchyard expansion are the best and/or most appropriate. With regard to the CECP, the City has provided information to the developer on feasible, more appropriate, alternate sites. In that vein of cooperation, the City would also like to extend its support for relocation of the switchyard to a location more easterly, which would ultimately facilitate the opportunity to remove the existing transmission lines along what is commonly referred to as the "strawberry fields".

The City's sincere desire is to provide for development on the subject coastal property, which offers much greater direct public benefit to the Carlsbad community and provides for a more appropriate land use than industrial facilities and structures. Given this position, we are opposed to the siting of land uses, including the new switchyard and the CECP, which are contradictory to this objective.

If you have any questions regarding this correspondence and/or the City's review of the subject application, please contact my office at (760) 434-2893 or jgaru@ci.carlsbad.ca.us.

Sincerely,

Joe Garuba
Municipal Projects Manager

JG:ad

Enclosure

cc: Proof of Service List (Rev.10/14/2008; via email or U.S. Postal Service)
Terry Smith, Senior Civil Engineer
Debbie Fountain, Housing and Redevelopment Director
Don Neu, Planning Director
Scott Donnell, Senior Planner

Exhibit 1

RESOLUTION NO. 2008-235

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD, CALIFORNIA, WHICH OPPOSES THE PROPOSED CARLSBAD ENERGY CENTER PROJECT (CECP) AND PRECLUDES ALL NON-COASTAL DEPENDENT INDUSTRIAL APPLICATIONS, INCLUDING ENERGY GENERATION FROM ANY FUTURE LAND USE AT THE ENCINA POWER STATION SITE.

WHEREAS, NRG Energy, Inc., has submitted an Application for Certification (AFC) for the Carlsbad Energy Center Project (CECP) to the California Energy Commission (CEC); and

WHEREAS, the CEC has jurisdiction in approving new power plants; and

WHEREAS, the City of Carlsbad recognizes the need to develop energy resources that meet the growing demands of our region; and

WHEREAS, as home to the existing Encina Power Station (EPS) since the 1950s and numerous other regional facilities, Carlsbad understands a community's responsibility in hosting regional resources and the impacts associated with such; and

WHEREAS, due to recent advances in technology, a state-of-the-art power plant is not a coastal dependent land use; and

WHEREAS, the proposed CECP would constitute a non-coastal dependent industrial land use at the EPS site for an estimated additional 40 years; and

WHEREAS, the proposed CECP will negatively impact the future redevelopment of the EPS site (defined as those parcels owned by NRG and San Diego Gas and Electric which are located west of Interstate 5, North of Cannon Road, South of Agua Hedionda Lagoon, and East of Carlsbad Blvd); and

WHEREAS, the City of Carlsbad has reviewed the AFC and found it to be inconsistent and detrimental to the best interests of the community; and

WHEREAS, the proposed CECP contains several objectionable concerns, including land use compatibility; and

WHEREAS, the City of Carlsbad has required for over twenty-five years that a comprehensive land use plan be conducted for Specific Plan 144 (which includes the Encina Power Station site) to clearly identify acceptable future land uses and guide site redevelopment; and

WHEREAS, any proposed non-coastal dependent industrial land use (including energy generation) should be located away from the Encina Power Station site to avoid impacting significant coastal resources; and

WHEREAS, the proposed CECP has failed to demonstrate any extraordinary public benefit as required by the South Carlsbad Coastal Redevelopment Plan.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carlsbad, California, as follows:

1. That the above recitations are true and correct.
2. Reaffirms its opposition to the proposed Carlsbad Energy Center Project, as stated in Council Resolution No. 2008-138.
3. Supports the re-use of the existing Encina Power Station site to provide greater public benefit.
4. Reaffirms its longstanding requirement for a comprehensive plan which will guide the redevelopment of the Encina Power Station site.
5. Any non-coastal dependent industrial land use (including power generation) at the Encina Power Station site is inconsistent with the best interests of the community and should be precluded.

6. City Staff is hereby directed to continue to work with NRG and San Diego Gas and Electric to help identify alternate solutions to regional energy demands.

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PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 12th day of August, 2008, by the following vote to wit:

AYES: Council Members Lewis, Kulchin, Hall and Packard.

NOES: None.

ABSENT: Council Member Nygaard.

CLAUDE A. LEWIS, Mayor

ATTEST:

LORRAINE M. WOOD, City Clerk
(SEAL)

CITY OF CARLSBAD CALIFORNIA EUREKA

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV

APPLICATION FOR CERTIFICATION
FOR THE *CARLSBAD ENERGY CENTER PROJECT*

Docket No. 07-AFC-6
PROOF OF SERVICE
(Revised 10/14/2008)

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-15
Sacramento, CA 95814-5512
docket@energy.state.ca.us

APPLICANT

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DECLARATION OF SERVICE

I, Andrea Dykes, declare that on October 22, 2008, I deposited copies of the attached document, in the United States mail at Carlsbad, 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.