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

February 6, 2008

DOCKET
07-AFC-8
DATE FEB 06 2008
RECD. FEB 06 2008

Mr. Victor Hollanda, Planning Director
San Luis Obispo County Division of Building and Planning
976 Osos Street, Room 200
San Luis Obispo, CA 93408

RE: Carrizo Energy Solar Farm (07-AFC-8)

Dear Mr. Hollanda:

On October 25, 2007, Carrizo Energy, LLC (Applicant), submitted an Application for Certification (AFC) to the California Energy Commission to construct and operate the Carrizo Energy Solar Farm (CESF) in San Luis Obispo County. On December 18, 2007, the Applicant provided a supplement to the AFC to satisfy our informational requirements. On December 19, 2007, the AFC with the supplemental information was accepted as complete. A brief summary of the project is enclosed with this letter.

Energy Commission staff has begun its assessment of the project (a summary of the 12-month licensing process is enclosed). As part of our assessment, we are interested in the County's position related to land use, traffic/transportation, visual resources, and any other aspects of the project that may be of concern to your agency (Title 20, California Code of Regulations section 1714.5). We would like to incorporate the County's input and address any concerns it may have in our Preliminary Staff Assessment (PSA), which we expect to release for public review and comment by mid-2008.

Land Use

Land Use/Zoning Issues. As stated in the AFC, the San Luis Obispo County General Plan land use designation for the site and proposed transmission line is Agriculture; the site is zoned Agricultural District (AG). According to the AFC, energy production is an unclassified conditional use in the AG zone district and electrical generation is an allowable use within the AG zone, subject to the approval of a Minor Use Permit (MUP).

As part of the Energy Commission staff's analysis, staff needs to know whether, as stated in the AFC, the project would normally require a Minor Use Permit (MUP) or an unclassified Conditional Use Permit (CUP), but for the exclusive authority of the Energy Commission, and if so, what conditions San Luis Obispo County would attach to this project were it the permitting agency. Staff would like the County to indicate whether a CUP would ordinarily be needed to bring a project into compliance with the Land Use Ordinance (see details below on the CESF's potential non-conformity with the height limitations).

PROOF OF SERVICE (REVISED 2/5/08) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 2/7/08 CP

We would like to know how the project would conform to the following County standards/policies:

- With regard to Agricultural Policy 24 (Conversion of Agricultural Land) of the Agriculture and Open Space Element of the San Luis Obispo County General Plan, the Applicant has indicated (in the Supplemental Information in response to Energy Commission Data Adequacy requests) that the CESF siting process "...meets the criteria for change of use designation from agricultural use, identified in AGP24." Please provide the County's interpretation of this policy as it applies to the CESF; and

- Section 22.10.090 (Height Measurement and Height Limit Exceptions) of the Land Use Ordinance (LUO), Title 22 of the San Luis Obispo County Code, limits the height of habitable structures within the "Agriculture, Rural Lands" land use category (Subsection #C.1) to 35 feet. Based on the Supplemental Information in response to Energy Commission Data Adequacy request No. 27, the Applicant has indicated that based on discussions with the County, "...exception #C.2.c.7, Public Facilities, would exempt such facilities from the height limit requirements." The tallest habitable structure proposed as part of the CESF is the 40-foot tall Control and Administration building. Based on our review of the County LUO, it is unclear to staff how this exception brings the CESF into conformance with the County code regarding height restrictions, as exception #C.2.c.7 applies to poles and structures and does not specifically reference structures such as the CESF administration building.

  In addition, based on staff's interpretation of the LUO, exception #C.2.c.8 specifically indicates that solar collectors can not be more than five feet above the height limit specified in Subsection C.1 (i.e., no more than 40 feet in the "Agriculture, Rural Lands" land use category). However, the solar receivers at the proposed CESF would be 56 feet tall. In addition, the CESF would have several other structures above 40 feet, including a 60-foot tall steam turbine building, two 115-foot tall air cooled condensers, and a 150-foot tall transmission line pole [see Table 3.4.1 (Dimensions of CESF Equipment and Structures) in the AFC]. Please provide the County's interpretation of these exceptions (#C.2.c.7 and #C.2.c.8) and how they apply to the CESF, and whether the CESF would be subject to issuance of a CUP to allow for development of structures that are greater than 40 feet in height.

  If the project would need a MUP and/or CUP (but for the exclusive authority of the Energy Commission), please provide the County's findings that would be included as part of each permit, the conditions (if known) that San Luis Obispo County would place on the project, and provide a timeline as to when these conditions would become available to staff.

Any conditions recommended by the County as part of a CUP or MUP will be considered by Energy Commission staff for inclusion in staff's proposed conditions of certification for the project. As part of the County's discussion of the CUP and MUP, we are also interested in understanding the County's position on the proposed project's overall consistency with its General Plan and Zoning Ordinance.

Parcel Restrictions. During review of the AFC for data adequacy, staff requested information from the Applicant regarding the legal status of the 640-acre parcel [Assessor Parcel Number **(APN) 072-091-001]** where the CESF is proposed to be constructed. On December 5, 2007, the Applicant provided additional parcel information to staff, including the Preliminary Report from First American Title and option agreement for the CESF property. Based on staff's review of the information there appears to be some sort of recorded restriction on the project site that precludes certain activities and/or development on the northeast and southwest quarters of the property. In addition, it should be noted that the APN referenced in the real property description set forth in Exhibit "A" (enclosed with this letter) attached to the option agreement is numbered **027-091-001** and not **072-091-001** as indicated to be the project parcel in the AFC and all project information provided thus far.

The Energy Commission staff would like information from the County regarding the following:

- Whether, to your knowledge, 072-091-001 is the correct APN number for the CESF site.
- Please provide written confirmation whether, to your knowledge, Exhibit "A" attached to the option agreement provided by the Applicant is the correct property description for the CESF site.If the Exhibit "A" attachment to the option agreement for the CESF parcel is the correct property description for the CESF site, please provide written confirmation whether the recorded restriction on APN 072-091-001 is still in effect, and the extent to which activities and/or development are precluded on the parcel.
- If the recorded restriction on APN 072-091-001 is still in effect and precludes all or a portion of the proposed CESF project, what process the Applicant needs to undertake to remove the restriction..

Traffic and Transportation

The Traffic and Transportation section of the AFC (pages 5.11-1 through -24) presents the Applicant's assessment of the proposed project's consistency with the San Luis Obispo County's traffic and transportation plan, policies and regulations. We would like to know whether the Applicant's traffic/transportation information is complete and accurate and what traffic/transportation conditions, if any, would be required.

Visual Resources

The Visual Resources section of the AFC (pages 5.13-1 through -38) outlines the Applicant's assessment of the proposed project's consistency with San Luis Obispo County's aesthetic/visual regulations, architectural design review, landscape requirements, and scenic area regulations for the site. We would like to know whether the Applicant's visual information is complete and accurate and what aesthetic/visual conditions, if any, would be required.

We request that San Luis Obispo County provide a letter by March 7, 2008 addressing the land use, traffic/transportation, and visual resources questions noted above. In your review of the AFC, if you have any other issues or concerns, or need additional time to respond, please contact me at (916) 654-5139 or by email at dedwards@energy.state.ca.us.

Sincerely,

Dale Edwards, Manager
Environmental Office
Energy Facilities Siting Division

Enclosures (2)

cc: Docket (07-AFC-8)
Proof of Service List
Mr. John McKenzie

FACT SHEET

Proposed Project Summary

The proposed Carrizo Energy Solar Farm (CESF) consists of approximately one hundred and ninety-five Compact Linear Fresnel Reflector (CLFR) solar concentrating lines and associated steam drums, steam turbine generators (STGs), air-cooled condensers (ACCs), and infrastructure, producing up to a nominal 177 megawatts (MW) net. The proposed CESF will be owned and operated by Carrizo Energy, LLC.

The CESF project site is located in an unincorporated area of eastern San Luis Obispo County, west of Simmler and northwest of California Valley, California. The project would be approximately five miles west of Kern County. The CESF includes the solar farm site, a minimal offsite transmission system connection, and construction laydown area. The CESF site will encompass approximately 640 acres of fenced area on Section 28, Township 29 South, Range 18 East, on the California Valley and La Panza NE United States Geological Survey (USGS) 7.5 minute quadrangle maps, adjacent to California State Route 58 (SR-58)/Carrisa Highway. The 380-acre construction laydown area would be located entirely on Section 33, Township 29 South, Range 18 East, on the California Valley USGS 7.5-minute series quadrangle map, directly south of the Project site across SR-58. The CESF transmission system will require construction of approximately 850 feet of 230 kilovolt (kV) transmission line. The transmission line is within the project site boundary except for a 90-foot segment that connects to a tower within the existing Pacific Gas & Electric (PG&E) Morro Bay–Midway 230 kV transmission line right-of-way (ROW).

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 Applications for Certification (AFCs) and the Commission's energy facility licensing process is 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.

Title Order Number:
File Number: 4009-2750024A

Exhibit "A"

Real property in the City of San Luis Obispo County, County of San Luis Obispo, State of California, described as follows:

ALL OF SECTION 28, TOWNSHIP 29 SOUTH, RANGE 18 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING FROM THE NORTHEAST 1/4 AND THE SOUTHWEST 1/4 THEREOF, EVERY KIND OF NATURE, INCLUDING PETROLEUM, OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES IN, ON, UNDER AND ABOUT SAID LAND TOGETHER WITH THE RIGHT TO ENTER UPON, EXPLORE, MINE, BORE, DRILL AND TO SINK WELLS, SHAFTS AND DRIFTS; TO DEVELOP, EXTRACT AND REMOVE THEREFROM AND TO STORE THEREON MINERALS, PETROLEUM, OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES; TO DRILL AND OPERATE WATER WELLS; TO MANUFACTURE ON AND TO STORE THEREON, GASOLINE AND OTHER PRODUCTS; TO BUILD, OPERATE, USE AND MAINTAIN UPON AND ACROSS AND TO CHANGE THE LOCATION OF AND REMOVE DERRICKS, TANKS, RESERVOIRS, POWER HOUSES, PUMPING PLANTS, MACHINERY, BUILDINGS, STATIONS, HOUSES FOR EMPLOYEES AS SET FORTH AND RESERVED BY CROCKER FIRST NATIONAL BANK OF SAN FRANCISCO AS ADMINISTRATOR OF THE ESTATE OF JAMES M. MCDONALD, DECEASED IN AN INSTRUMENT RECORDED MAY 29, 1941 IN BOOK 300 PAGE 24 OF OFFICIAL RECORDS.

APN: 027-091-001

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

APPLICATION FOR CERTIFICATION *For the CARRIZO ENERGY SOLAR FARM* **PROJECT**	**Docket No. 07-AFC-8** **PROOF OF SERVICE** (Revised 2/5/2008)

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

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Attn: Docket No. 07-AFC-8
1516 Ninth Street, MS-14
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DECLARATION OF SERVICE

I, Christina Flores, declare that on February 7, 2008, I deposited copies of the attached Letter to Victor Hollanda with San Luis Obispo Building and Planning Division in the United States mail at 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