

INFORMATIONAL HEARING and SITE VISIT  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )  
 )  
Application for Certification for) Docket No.  
the Chula Vista Energy Upgrade ) 07-AFC-4  
Project )  
\_\_\_\_\_)

OTAY RECREATION CENTER  
3554 MAIN STREET  
CHULA VISTA, CALIFORNIA 91911

THURSDAY, NOVEMBER 29, 2007

2:00 p.m.

Reported by:  
Troy Ray  
Contract No. 170-07-001

COMMITTEE MEMBERS PRESENT

Jackalyne Pfannenstiel, Presiding Member

HEARING OFFICER, ADVISORS PRESENT

Raoul Renaud, Hearing Officer

Timothy Tutt, Advisor

Susan Brown, Advisor

STAFF AND CONSULTANTS PRESENT

Christopher Meyer, Project Manager

Kevin Bell, Staff Counsel

PUBLIC ADVISER

J. Mike Monasmith

APPLICANT

Jane E. Luckhardt, Attorney  
Downey Brand Attorneys, LLP

Carl Miller, CEO  
Harry Scarborough, Senior Vice President  
MMC Energy North America, LLC

Douglas M. Davy, Senior Project Manager  
CH2MHILL

Steven Blue, Project Manager  
Worley Parsons Corporation

INTERVENORS

Scott Tulloch, Assistant City Manager  
Michael Meacham, Director  
Marilyn R.F. Pongeggi, Principal Planner  
City of Chula Vista

INTERVENORS

Suma Peesapati, Attorney  
California Unions for Reliable Energy

ALSO PRESENT

Zaira Roa  
On behalf of Councilmember John McCann

Mariana Lopez, Interpreter

Brandon Marvin

Theresa Acerro, President  
Southwest Chula Vista Civic Association

Sarah Luedtke

Charles Reaves

Steve Palma  
Friends of the Otay Valley Regional Park  
Southwest Chula Vista Civic Association  
City of Chula Vista Growth Management Oversight  
Commission

Lisa Cohen, CEO  
Chula Vista Chamber of Commerce

Leo Miras  
Environmental Health Coalition

Juan Diaz

Josie Calderon

Raoul Miranda

Rudy Valdez-Romero

## I N D E X

	Page
Proceedings	1
Opening Remarks	1
Hearing Officer Renaud	1
Presiding Member Pfannenstiel	7
Introductions	1
Background and Overview	8
Hearing Officer Renaud	8
Presentations	4
Zaira Roa, on behalf of Councilmember John McCann	4
Public Adviser	11
Applicant	15, 54
Questions/Comments	29
CEC Staff	36
Issues Identification Report	47
Proposed Schedule	51
Questions/Comments	55
Intervenor City of Chula Vista	60
Schedule	61
Public Comment	62
Closing Remarks	106
Adjournment	106
Reporter's Certificate	107

## 1 P R O C E E D I N G S

2 2:00 p.m.

3 HEARING OFFICER RENAUD: All right, it's  
4 2:00 and we are now going to convene the  
5 informational hearing portion of our meeting  
6 today. This is a meeting of the California Energy  
7 Commission concerning the application filed by MMC  
8 Energy to build the Chula Vista Energy Upgrade  
9 project here in Chula Vista.

10 We have just returned from a visit to  
11 the site to get a firsthand view of the project  
12 location. And I think before we proceed I would  
13 like to have introductions of the people who are  
14 up front here.

15 I'm Raoul Renaud; I'm the Hearing  
16 Adviser responsible for the record in this matter.  
17 To my right is Jackalyne Pfannenstiel who's the  
18 Chairman of the Energy Commission and the  
19 Presiding Member of the Committee appointed to  
20 oversee this matter. To her right is Timothy  
21 Tutt, who is her Advisor.

22 And Jane Luckhardt, counsel for the  
23 applicant, if you could introduce your people  
24 there, appreciate that.

25 MS. LUCKHARDT: Hello. My name is Jane

1 Luckhardt and I'm Project Counsel. Sitting next  
2 to me is Harry Scarborough from MMC. And sitting  
3 just to the left of Harry is Doug Davy from  
4 CH2MHILL, the project consultant.

5 HEARING OFFICER RENAUD: Thank you. And  
6 to my left is Susan Brown, who is the Advisor to  
7 Jim Boyd. Commissioner Boyd is the other member  
8 of the Committee assigned to hear this matter. He  
9 is out of the country on Commission business and  
10 could not attend today.

11 And then to my far left, if I could have  
12 you gentlemen introduce yourselves, please.

13 MR. MEYER: Yes. I'm Christopher Meyer;  
14 I'm the Project Manager for the Energy Commission  
15 on this project. And next to me is Kevin Bell,  
16 who is Staff's Attorney.

17 HEARING OFFICER RENAUD: All right,  
18 thank you. Standing at the table over in the far  
19 corner there waving is Mike Monasmith, who is the  
20 Public Adviser for this matter. And he'll be  
21 addressing you later.

22 We also have representatives of the City  
23 of Chula Vista present, and I wondered if perhaps  
24 you folks could stand and introduce yourselves,  
25 please.

1 MR. TULLOCH: (inaudible).

2 HEARING OFFICER RENAUD: Scott Tulloch,  
3 Assistant City Manager.

4 MR. MEACHAM: (inaudible).

5 HEARING OFFICER RENAUD: Michael  
6 Meacham, Director of Conservation and  
7 Environmental Services.

8 And you'll note I'm repeating you  
9 because I want to make sure it gets on the record.  
10 And so that means it has to be spoken into these  
11 microphones.

12 Zaira, --

13 MS. PONSEGGI: (inaudible).

14 HEARING OFFICER RENAUD: All right,  
15 Marilyn Pongeggi, the City of Chula Vista  
16 Planning Commission. And?

17 MS. ROA: (inaudible).

18 HEARING OFFICER RENAUD: Zaira Roa from  
19 Councilmember John McCann's Office. Very good.  
20 The City of Chula Vista is also a party in this  
21 matter, having filed a petition to intervene.

22 In addition we have another party, which  
23 is CURE, and it's Suma, please.

24 MS. PEESAPATI: (inaudible).

25 HEARING OFFICER RENAUD: Thank you.

1 Suma Peesapati representing the California Unions  
2 for Reliable Energy, an intervenor in this matter.

3 Before we proceed further I understand  
4 the representatives of the City and the City  
5 Council may wish to make a presentation at some  
6 point. Would you like to do that now, or would  
7 you like to wait until we've gone down the road a  
8 bit? It's up to you.

9 Okay, later.

10 MS. ROA: (inaudible).

11 HEARING OFFICER RENAUD: Yes, please.

12 Zaira Roa is going to present something on behalf  
13 of Councilmember John McCann.

14 MS. ROA: Good afternoon, everyone. The  
15 Councilmember wrote a letter to the Commissioners  
16 that I would like to read to all of you, and it  
17 goes like this:

18 "Dear Commissioners: As you are aware,  
19 MMC Energy, Incorporated, proposes to upgrade  
20 their electrical generating plant in Chula Vista.  
21 The Chula Vista Energy Upgrade project will occur  
22 on the northern portion of the current 3.8 acre  
23 site at 3497 Main Street. This will increase the  
24 separation between the peaker and the Otay Valley  
25 Regional Park.

1           "The project will substantially increase  
2           the efficiency of energy generated onsite by  
3           upgrading and improving the existing facility. To  
4           help meet the region's needs, MMC will upgrade its  
5           existing peaker to increase generating capacity  
6           from 44.5 megawatts to 100 megawatts. The  
7           technology will be upgraded with the installation  
8           of two highly efficient GE LM6000 combustion  
9           turbines that will use catalysts to reduce the  
10          oxides of nitrogen and carbon monoxide to minimal  
11          levels.

12          "This will benefit the surrounding  
13          community with the creation of a more  
14          environmentally friendly plant than the existing  
15          plant, resulting in a greater source of power with  
16          less fuel consumption, and decrease emissions per  
17          power produced.

18          "The peaker was originally approved by  
19          the City of Chula Vista in 2000 under a  
20          conditional use permit, and operates primarily  
21          during peak season, May through September. The  
22          California Independent System Operator has  
23          designated the San Diego region as a reliability  
24          constraint area. Peaking capacity is necessary to  
25          respond to the local demand for electricity that

1 increases typically in the afternoons of Chula  
2 Vista's summers or to support steep increases in  
3 power demands as larger units start up.

4 "The peaker upgrade is anticipated to  
5 operate for up to 5 percent of the year and will  
6 fulfill the final project objective of re-using  
7 existing infrastructure such as the existing  
8 transmission interconnection, water supply and gas  
9 supply.

10 "Property taxes generated by the Chula  
11 Vista Energy Upgrade project site would increase  
12 substantially due to the increased value of the  
13 new equipment proposed as part of the project. In  
14 addition, the Chula Vista Energy Upgrade project  
15 would help to further the redevelopment goals of  
16 the Southwest Redevelopment Area by insuring that  
17 the industrial use onsite remains viable and  
18 complements ongoing industrial and commercial  
19 development in the area, while minimizing impacts  
20 to the neighboring community.

21 "For the above stated reasons I support  
22 bringing increased energy capacity to the areas as  
23 proposed by MMC Energy in the Chula Vista Energy  
24 Upgrade project. And I welcome this state of the  
25 art facility which would provide a substantial tax

1 benefit to the designated redevelopment area and  
2 the City, as a whole, while adhering to  
3 environmental standards that insure community  
4 safety. Thank you for your time. Yours in  
5 service, Councilmember John McCann."

6 HEARING OFFICER RENAUD: All right,  
7 thank you very much, and thank you, Councilmember  
8 McCann.

9 Commissioner Pfannenstiel, before we  
10 proceed further would you care to make any  
11 remarks?

12 PRESIDING MEMBER PFANNENSTIEL: Just  
13 briefly. I do want to say thank you to everybody  
14 for being here. The reason that we have these  
15 hearings, informational hearings and site visits  
16 in the local community is to hear from the local  
17 community.

18 The process that you'll hear about over  
19 the next hour or so is primarily a technical  
20 process, one of evaluating impacts, environmental  
21 impacts. The Energy Commission exists to license  
22 power plants by looking at whether there are  
23 environmental impacts that would be significant or  
24 that can be mitigated.

25 But as part of that process we need to

1       hear from the people who are affected in the  
2       community. And so we come here to your community  
3       and we appreciate it when you're here. You listen  
4       to us and then we listen to you. So, please take  
5       advantage of it.

6                 Mr. Monasmith is here and he can assist  
7       with the process whether you feel like making  
8       comments here today, or would prefer to comment  
9       some other way in writing or some other place in  
10      the proceeding, is fine. But just understand that  
11      the part of our decisionmaking, when it comes down  
12      to it, will be making sure that this is something  
13      that is understood by the community.

14                So, with that I turn it back to the  
15      Hearing Officer.

16                HEARING OFFICER RENAUD: Thank you very  
17      much. Just a few words about what I do and my  
18      role here. I'm the Hearing Advisor; and my job  
19      basically is to conduct the hearings that take  
20      place in connection with the application for  
21      certification.

22                The most important thing, though, is  
23      that the evidence upon which the Commission  
24      eventually will make its decision regarding the  
25      application must all be evidence that's in the

1 record.

2 We have, as I pointed out earlier, a  
3 court reporter here who is recording the entire  
4 proceeding. And that will be transcribed into a  
5 written transcript and will become part of the  
6 record of this proceeding. All the other hearings  
7 that take place will also be recorded and then  
8 transcribed.

9 In order to insure that the decision is  
10 based solely upon evidence that's in the public  
11 record, evidence that you members of the public  
12 would all have an opportunity to see and review  
13 and challenge, we have a rule that is called the  
14 ex parte rule.

15 This rule prohibits communications  
16 between the people who will decide the case and  
17 the parties to the case. So any kind of  
18 communication about the case that takes place must  
19 be on the record so that it is available and open  
20 to the public for examination.

21 So if you ever encounter members of the  
22 Commission or members of the staff who seem  
23 reluctant to talk about something, it's probably  
24 because they don't want to have private  
25 communications about the evidence. And instead,

1 we will reserve those communications to take place  
2 in open hearings such as this one today.

3 Now, notice of today's proceeding was  
4 sent by mail on November 7th to all the parties,  
5 to all the adjacent landowners, interested  
6 governmental agencies and other individuals. We  
7 make a very strong effort to make sure that all  
8 proceedings of the Energy Commission are well  
9 noticed, that the public has ample opportunity to  
10 find out when and where hearings are taking place.  
11 The Commission website also has a wealth of  
12 information concerning all the proceedings that  
13 take place.

14 The main point I'm trying to make is  
15 that this application for certification process is  
16 a public process. It's open; it's transparent.  
17 We want and expect the public to be involved. And  
18 we hope to get the maximum amount of public  
19 involvement. And it's very good to see this room  
20 fairly full today with most of the seats occupied.

21 Part of the way we reach out to the  
22 community is through our Public Adviser's Office.  
23 And we have today here Mr. Mike Monasmith who is  
24 with our Public Adviser's Office. And at this  
25 time I'd like to ask him to say a few words

1 concerning the ways in which the public can  
2 participate in this process. Thank you.

3 MR. MONASMITH: Thank you, Hearing  
4 Officer Renaud, Chairman Pfannenstiel. Thanks,  
5 everyone, for being here today. My name is Mike  
6 Monasmith. Some of you may have met me when you  
7 walked in. I work in the Public Adviser's Office  
8 at the Commission.

9 As the Chairman noted earlier, public  
10 involvement is very important to the Energy  
11 Commission. They fund a full-time office with  
12 staff and a budget, and our primary, our sole  
13 responsibility is you, the public. Involving you  
14 with our process; letting you know how things  
15 work; answering your questions, however small they  
16 may seem. We're here for you.

17 We did quite a bit of outreach initially  
18 already here in the Chula Vista community. About  
19 100 or so of what we call sensitive receptors and  
20 community-based organizations, elementary schools,  
21 daycare centers, elder care facilities, hospitals,  
22 the like. So we've informed quite a few people  
23 about the process.

24 It's just beginning today, and a number  
25 of you may have seen the alerts that have gone out

1 to the various organizations here in Chula Vista.  
2 So, it's good to see you out here.

3 We continue to do outreach. We don't  
4 know the community as well as you may know it, so  
5 I really encourage you to keep in contact with us.  
6 Let us know if there's organizations or people  
7 that we should be in contact with to let them know  
8 about our process and get them involved with it.

9 There's a couple ways that you can  
10 involve yourself as members of the public. First  
11 is to simply sign in, which hopefully many of you  
12 did. And I'll enter your email and contact  
13 information onto our listserve. So from now on  
14 you'll be sent automatic alerts, notices, anything  
15 that happens on this case and this proceeding will  
16 be sent to you. So you're kept informed and up to  
17 date on everything that's happened.

18 Another level of involvement which  
19 you've demonstrated today is showing up for the  
20 hearings, the workshops. This is the beginning of  
21 several such meetings which will occur. Some on  
22 the record with the Commissioners, some with just  
23 staff, which are workshops and more interactive.  
24 And I would really encourage you to attend and  
25 participate in those.

1           A third level of involvement which some  
2 of you may find interesting -- we have an  
3 intervenor already here from CURE -- and that is  
4 to become an intervenor. You actually petition  
5 the Committee for intervention. To be an  
6 intervenor is a legal status. It comes with  
7 certain privileges and rights, as well as certain  
8 responsibilities.

9           You are essentially a party to the  
10 proceeding with a seat at the table. And if you  
11 have questions on how that is achieved, the forms  
12 that you need to fill out, if it's something that  
13 is for you, or if maybe some other areas of  
14 importance to you are already being covered by  
15 another intervenor. If you have any questions  
16 like that, be sure to ask me. I'm always here for  
17 you guys. I think you'll learn a lot more about  
18 what we do and what the Energy Commission, the  
19 role that we play in licensing of power plants  
20 today.

21           But if you have any other questions  
22 beyond what we do, always feel free to contact me.  
23 I'll be here to the very end. And that's about  
24 it. So, thanks for coming.

25           HEARING OFFICER RENAUD: Thank you very

1 much. Now, we're going to proceed to  
2 presentations made by the applicant, MMC Energy,  
3 and by the staff of the Energy Commission. And  
4 then we will allow time for comment by the public  
5 and by the various agencies who are present today.

6 In addition, I'm going to allow time for  
7 questions at the end of each of these two  
8 presentations. So after the applicant makes its  
9 presentation, we can then have questions of the  
10 applicant. And then after the staff makes its  
11 presentation, we can have questions concerning  
12 that presentation.

13 So, if we can proceed with the  
14 presentation on behalf of MMC Energy.

15 MS. LUCKHARDT: Okay, is there -- do you  
16 have a roving mike, by chance? So we need to do  
17 it from here?

18 HEARING OFFICER RENAUD: Possibly have a  
19 wireless mike available?

20 (Pause.)

21 HEARING OFFICER RENAUD: While we're  
22 getting ready here one thing I'll emphasize again  
23 is that if you want anything you say to be on the  
24 record today, it does need to be said into a  
25 microphone. So, if you wish to speak and I ask

1 you to come speak into a microphone, that's the  
2 reason. I want to make sure what you say gets  
3 into the record.

4 MR. SCARBOROUGH: Good afternoon and  
5 thank you, Commissioner, for allowing us the time  
6 to do this presentation on behalf of MMC. And  
7 thank you to the public for attending.

8 I would like to also recognize some  
9 other members of the MMC team that are present.  
10 Our Chief Executive Officer of MMC, Carl Miller,  
11 in the back. I'd also like to recognize Josie  
12 Calderon, Josie, are you here? Josie seems to be  
13 everywhere; I'm a little bit surprised she's not  
14 here. But Josie's been our PR representative in  
15 the area, as well as Ben Haddad here in the front  
16 row.

17 You've probably also heard some comments  
18 from our principal engineer on the project, Steve  
19 Blue. And Sara Madams is also present, as well,  
20 from CH2MHILL.

21 And I would also like to take one more  
22 opportunity. I know that we were mentioning  
23 people that were associated with the City. I'd  
24 like to recognize that Steve Palma is here. Steve  
25 is with the management oversight committee, as

1 well as a member of the Southwest Civic  
2 Association. Steve. Thank you.

3 HEARING OFFICER RENAUD: If you could  
4 just state your name for the record.

5 MR. SCARBOROUGH: My name is Harry  
6 Scarborough and I'm the Senior Vice President of  
7 Business Development for MMC Energy.

8 HEARING OFFICER RENAUD: Thank you.

9 MR. SCARBOROUGH: MMC Energy is a  
10 publicly listed energy company with operations  
11 centrally located in California. Our primary  
12 focus is the market in the western U.S. We  
13 currently have three peaking power generation  
14 facilities. The one, of course, here in Chula  
15 Vista; one in Escondido; and one in Bakersfield,  
16 California.

17 We acquired the Chula Vista facility in  
18 January of 2006 and commenced the recommissioning  
19 process. The project was purchased from the now-  
20 defunct National Energy Group. We provided  
21 crucial reserve capacity to the San Diego region  
22 during the summer of 2006, 2007, as well as the  
23 recent wildfires in October of this year.

24 The existing project was approved by the  
25 City of Chula Vista in the year 2000 under a

1 conditional use permit, and operates approximately  
2 120 hours per year to supply critical power to San  
3 Diego load pockets, primarily during the peak  
4 season, which is May through September, as well as  
5 during the recent wildfires.

6 Operational it's 44.5 peak load power  
7 plant. We're powered by the Pratt and Whitney  
8 twin-pack combustion turbines. The Pratt and  
9 Whitney twin-packs are about a 1972 vintage  
10 technology.

11 Full complement of the equipment  
12 infrastructure. We have the gas supply, water  
13 supply and wastewater system already present, as  
14 well as the electrical interconnection, as was  
15 explained on the tour.

16 We're located currently on the southern  
17 portion of a 3.8-acre site. And we're  
18 approximately 850 feet south of Main Street, with  
19 no frontage on the Main Street.

20 I apologize for the date of this slide.  
21 This was taken approximately January or February  
22 of this year, so what's notably missing is that  
23 warehouse that we passed by in our bus tour. That  
24 warehouse was completed in approximately May of  
25 this year.

1           The yellow area there designates the  
2           current plant. And the color that resembles, I  
3           think, magenta is the potential laydown area that  
4           we identified during the bus tour.

5           The upgrade project is proposed on the  
6           northern portion of the 3.8-acre site. The intent  
7           is to install two GE LM6000 gas turbines with SCR  
8           for NOx control and a CO catalyst, resulting in  
9           cleaner emissions and improved fuel efficiency per  
10          kilowatt produced.

11          And I might note here, as well, that the  
12          current project currently operates without CO  
13          abatement. So it would be a drastic improvement  
14          on the CO side to have a catalyst installed for  
15          this project.

16          It's a total 100 megawatt peak load  
17          power plant using the existing infrastructure. It  
18          is our intent to decommission, dismantle and  
19          remove the 44.5 megawatt facility. And the  
20          decommissioned facility cannot be operated once  
21          the upgrade is completed due to line loading  
22          limitations, air permitting, et cetera.

23          The line can handle approximately 105  
24          megawatts that comes out of that plant. So we're  
25          just trying to assure the public that there is no

1 intention of expanding this plant beyond the 100  
2 megawatts proposed under the upgrade project.

3 And I sent a couple of these out on the  
4 bus tour. If you need more I've got some up  
5 front. But this is just the architectural  
6 rendering of what the proposed project would look  
7 like.

8 The anticipated operating profile. As a  
9 peaking plant the upgrade project would operate  
10 during very high electrical load or when baseload  
11 plants are not operating, or under emergency  
12 conditions. It is anticipated with the improved  
13 efficiency of the upgraded project the plant would  
14 operate from 400 to 500 hours per year.

15 The plant would be permitted for a worst  
16 case scenario of 4500 per year in the event of a  
17 total local area grid collapse, the plant would  
18 provide critical power to the Chula Vista area.

19 A California Energy Commission Staff  
20 analysis completed in '04 concluded that 19 simple  
21 cycle peaking plants in California with a nominal  
22 generating capacity greater than 50 megawatts,  
23 such as the one we propose, operate on an average  
24 543 hours per year.

25 And I might add, also, that this plant

1 was just called to dispatch two nights ago, and it  
2 was primarily due to congestion on the grid, as I  
3 mentioned during the bus tour. And normally when  
4 these plants are dispatched, again it's normally  
5 for about a period of one to two hours. In that  
6 timeframe, the grid can usually call upon the  
7 larger baseload units to come up and meet the  
8 demand. So the peakers, again, are here just to  
9 provide an insurance policy for the grid.

10 I apologize for the small print on this  
11 slide, but this is the 2004 capacity factors for  
12 peaking power plants. And what this is, it just  
13 gives you an idea of the percentage of time of  
14 hours in the year that these plants were called  
15 upon to provide peaking power. And this is a  
16 representation of pretty much all the peaking  
17 power plants, or the majority of them I should  
18 say, in California.

19 And the one of particular interest is  
20 when you start getting around to the Larkspur  
21 plant. The Larkspur Energy Facility, as you'll  
22 note, is 100 megawatts. It operated approximately  
23 373 hours during that year, and a capacity factor,  
24 I think, of roughly looks like about 4.2 percent.

25 Again, these numbers can move one

1 direction or another. It depends upon how many  
2 plants are built over the next couple of years.  
3 And how much of the demand that SDG&E can provide  
4 from a load factor perspective. But we anticipate  
5 that on an average the plant would be called upon  
6 roughly 500 hours per year.

7 The application to the San Diego Air  
8 Pollution Control District was submitted earlier  
9 in the year. It was deemed data adequate. The  
10 upgrade project will require authority to  
11 construct, plus a revised operating permit.  
12 Again, it was submitted in '07, and we would  
13 anticipate the authority to construct would be  
14 issued in a relatively near future time.

15 This chart represents a potential to  
16 emit during a preliminary air analysis. When we  
17 say the potential to emit, basically what we're  
18 doing is looking what the current facility emits  
19 using the Pratt and Whitney technology versus what  
20 the proposed facility would emit, from  
21 contaminants, using the LM6000 technology.

22 And what I did was broke this chart out  
23 into two scenarios. One is the worst case  
24 scenario where if you were to run 4600 hours per  
25 year. The numbers you're seeing, as an example,

1 on the current facility you see NOx at 32.6. That  
2 represents tons per year. The proposed facility  
3 would run, if it ran for that many hours, produce  
4 about 23.2. So a negative in terms of the  
5 difference on nitrous oxide, and negative on your  
6 CO. A slight increase on the VOCs; slight  
7 increase on SO2; and your particulate matter shows  
8 a slight increase.

9 If you take this same chart on the  
10 potential emit and propose it to the current  
11 facility, but base it on 500 hours per year, and  
12 assuming that you're doing 30 cold starts and 30  
13 hot starts, the cold start just implies that we're  
14 starting that facility up and it hasn't been run  
15 let's say within the last eight hours. And that's  
16 the majority of the time how the plant is started  
17 up.

18 Occasionally a plant will be dispatched,  
19 called on for a period, let's say, an hour- or  
20 two-hour shutdown, and then the Independent System  
21 Operator will call for dispatch of that unit again  
22 for maybe another hour, another two hours. And  
23 that would be considered a hot start under that  
24 scenario.

25 But if you look at the potential to emit

1 on a 500-hour basis for the old system versus the  
2 proposed system you will notice that almost all of  
3 them, well, they all are negative in the terms of  
4 the possible pollutants.

5 The upgrade benefits. It provides  
6 additional energy peaking capacity, thereby  
7 reducing the dependence on the RMR contract it  
8 assets in the South Bay; provides economic  
9 benefits to Chula Vista; produces more power with  
10 less fuel consumption. It's about 36 percent more  
11 efficient than the existing plant.

12 Limits environmental effects of power  
13 generation, helping California meet its goal of  
14 reducing greenhouse gas emissions, global warming,  
15 through lower permit levels of NOx and CO.

16 Uses the existing infrastructure, and we  
17 feel it's consistent with the redevelopment goals.

18 Looking at this from a regional energy  
19 perspective, the Independent System Operator has  
20 designated the San Diego region as a reliability-  
21 constrained area. The local peak power generation  
22 needed to support local demand for electricity,  
23 according to SDG&E recent requests for offers, the  
24 load growth is estimated at about 100 megawatts  
25 per year. And we feel that MMC upgrade is part of

1 this regional energy solution.

2 The new capital investment of  
3 approximately \$60 million resulting in  
4 approximately 655,000 in property taxes annually.  
5 Some of the redistribution, the taxes would  
6 include 110,000 to the City of Chula Vista, and  
7 330,000 to Redevelopment Agency; 160 short-term  
8 construction and demolition jobs.

9 From an environmental assessment, no  
10 significant unmitigated environmental impacts  
11 associated with the construction or operation of  
12 the upgrade project. As with the existing  
13 project, the upgrade will continue to be a minor  
14 source of air pollutants under the Federal Clean  
15 Air Act definitions.

16 The upgrade will use best available  
17 control technology to limit air emissions. The  
18 air quality impacts are less than EPA's  
19 significant thresholds. The health risk  
20 significantly below the SDAPCD cancer risk  
21 thresholds. The traffic not significantly  
22 impacted during construction, operation or  
23 demolition. Noise in compliance with the city  
24 ordinance.

25 Biological resources not onsite, but

1 mitigation recommended to avoid adverse impacts to  
2 sensitive habitats south of the site.

3 And it should be noticed that since the  
4 plant has been owned and operated by MMC since  
5 roughly June of last year, there's never been an  
6 instance of a noise complaint or any other  
7 complaint from the neighborhood surrounding the  
8 plant.

9 We have a couple of view simulations.  
10 And, again, this will be a test of how good your  
11 vision really is. I hope they're going to come  
12 up. For members of the Commission, I've left the  
13 chart on your desk to try to give you a little bit  
14 better idea. Because these view simulations are a  
15 little bit tough to keep track of. But the little  
16 red dots indicate the angle of which the picture,  
17 or location the picture was taken from, and  
18 looking back at the proposed project area.

19 So when you see the next slide, which is  
20 ViewSym-1, as a note you'll see that it's coming  
21 up there from the north of the project, looking  
22 back across Main Street and back towards the  
23 project.

24 Again, a test of your vision skills  
25 here. It's a little bit difficult to tell the

1 before and after picture. As we get further on  
2 into the ViewSyms you'll start noticing. And what  
3 you will notice is the stacks, the exhaust stacks  
4 of the two turbines come into play.

5 This is just looking down Albany Street;  
6 and you're seeing the transmission lines. If you  
7 look in the top left picture, that's the existing  
8 condition. And then the view simulation  
9 represents where you'll start to see one of the  
10 stacks. And that's looking at the arm that holds  
11 the traffic signal up, just in the upper right-  
12 hand corner. If you look just below the arm and  
13 where the sign's hanging down that identifies the  
14 street name, you'll start to see the stack.

15 On this one if you look almost in the  
16 center of the picture and just above the building,  
17 you'll notice the two stacks just appearing above.

18 And in this particular scenario, again  
19 on the view simulation, in the lower right, and  
20 just above where you see the picture of that car,  
21 you'll notice the stacks appearing above the  
22 landscape.

23 And this is a view from the residential  
24 neighborhood, and you'll just see the stacks  
25 beginning to appear above what almost looks like a

1 pink building there to the right.

2 This is viewed from the Otay Mesa.

3 Another view from down in the valley just below  
4 the Mesa. And the white partition area there is  
5 the sound barrier wall that's part of the existing  
6 project.

7 In terms of the Southwestern Chula Vista  
8 Redevelopment, there's no frontage on the Main  
9 Street. We feel it's consistent with the light  
10 industrial development that the area was  
11 designated for. It's designed to minimize noise  
12 and air pollution by applying best available  
13 control technology, as well as using sound  
14 barriers. The existing plant has never received  
15 noise or pollution complaint from any resident  
16 since commercial operation in '06.

17 Residential uses are not adjacent to the  
18 project, but a fence, sound-abatement wall and  
19 landscaping will minimize impacts. And the  
20 enhanced landscaping along the southern boundary  
21 of the project with Otay Valley Regional Park and  
22 relocated the project further to the north we  
23 think will enhance the view from that area.

24 I don't think that one's going to quite  
25 show up, but -- this is just basically -- and this

1 is going to come up in an animated fashion, but  
2 this is the existing project versus the upgrade.

3 What you're seeing on the left is the  
4 existing project which uses the Pratt and Whitney  
5 engines versus the new technology, which would be  
6 the GE LM6000; 44.5 megawatts and we would be  
7 producing 100 megawatts in the proposed project.

8 South portion of the lot is where the  
9 current facility is. We would go to the north  
10 portion of the lot as we identified during the  
11 tour.

12 The heat rate for the existing engine is  
13 15,000 Btu per kilowatt hour. The heat rate or  
14 efficiency of the new LM6000 is 9500, simple cycle  
15 basis for 36 percent more efficient.

16 Air emissions, under the current permit  
17 are NOx 5 ppm; CO 70 ppm; ammonia 10 ppm. Under  
18 the new permit, air emissions, NOx 2.5; CO 6 and  
19 ammonia 5 ppm.

20 Revenues to the City were roughly 58,000  
21 per year based on the capital investment and the  
22 tax basis for the current project, proposed  
23 project with revenues to the City in the area of  
24 655,000.

25 We feel that we're providing energy and

1 reliability in a safe, clean and responsible  
2 manner; cleaner, safer, more efficient and more  
3 reliable energy generation. We feel that we're  
4 helping secure the regional energy security;  
5 protecting and enhancing our environment and local  
6 economic and employment benefits.

7 And that concludes my presentation.

8 HEARING OFFICER RENAUD: Thank you very  
9 much. As I said earlier, we'll ask for questions  
10 at this time regarding that presentation before we  
11 proceed to the next one. Are there any questions?

12 PRESIDING MEMBER PFANNENSTIEL: I have a  
13 question.

14 HEARING OFFICER RENAUD: Yes,  
15 Commissioner Pfannenstiel.

16 PRESIDING MEMBER PFANNENSTIEL: I wasn't  
17 able to read the little print on your -- I think  
18 it's my old age -- but you showed the capacity  
19 factors, the load factors, I think, of the various  
20 plants in the area.

21 What happens, how does that change if  
22 the South Bay Plant, for example, goes away? Do  
23 you have a sense of will that be more of a need  
24 for the more hours of the Chula Vista Plant or --

25 MR. SCARBOROUGH: Commissioner, I think

1        what a lot of that's going to depend upon, and  
2        again I'm relying kind of on what SDG&E is telling  
3        us from, you know, when we do our load flow  
4        studies and the analysis that goes into that, I  
5        think a lot of that depends on the completion of  
6        the Otay Mesa project from Calpine.

7                    I would say that if the Calpine Plant is  
8        completed, again from my understanding the South  
9        Bay project would probably have a better chance of  
10       going away. But I think if I was to hear those  
11       words from SDG&E they would probably tell me that  
12       would also include the Sunrise Power Link coming  
13       into play, as well.

14                   So I feel that I really don't have  
15       enough information to adequately, you know, answer  
16       your question.

17                   PRESIDING MEMBER PFANNENSTIEL: Because  
18       so much of the question of impacts depends on  
19       number of hours that the plant runs. And I'm just  
20       trying to get some estimate of likelihood.

21                   And you showed us from a worst case down  
22       to an expected case. And that's a big range. But  
23       I really don't have much of a sense of where you  
24       might be in there, because so much is going on in  
25       this area, in the San Diego area, right now.

1           MR. SCARBOROUGH: Well, you know, one of  
2 the factors, too, that plays into the dispatch of  
3 a peaker naturally is, in addition to the real  
4 emergency, is having it as an insurance plan to  
5 make sure you can provide critical power.

6           The other part of that equation that  
7 feeds into the Cal-ISO decision to dispatch is  
8 also an economic one. So naturally when these  
9 plants are dispatched, they're dispatched at a  
10 very high number, so to speak.

11           So it really, you know, really makes the  
12 utility, as well as Cal-ISO, seek additional power  
13 sources other than to have to rely on a peaker.  
14 They normally will look at us to say can you come  
15 up, provide power within ten minutes, for a  
16 relatively normally short period of time. Give us  
17 long enough that we can bring a baseload power  
18 plant up, you know, and provide that power.

19           Because even from an economic  
20 perspective, they really would not want a peaker  
21 to run for --

22           PRESIDING MEMBER PFANNENSTIEL: But this  
23 is going to be slightly better numbers than other  
24 peakers, because it's a lot more efficient --

25           MR. SCARBOROUGH: It will, it'll be

1 about 36 percent improvement, like we said, going  
2 from a 15,000 heat rate to a 9600 heat rate. But  
3 again, I can only rely on the data that history  
4 has shown us from the plants operating in the  
5 area.

6 And that's the reason why I tend to go  
7 back to Larkspur, because it gives me the ability  
8 to use a plant that has the exact heat rate that  
9 we're pretty much going to put out there. And so  
10 it's bidding the same economic model, and it's  
11 providing power in the same general location.

12 PRESIDING MEMBER PFANNENSTIEL: Thank  
13 you.

14 HEARING OFFICER RENAUD: Okay, thank  
15 you. Yes. If you would come up to the  
16 microphone, please, and state your name and then  
17 ask your question.

18 MR. MARVIN: Brandon Marvin. And I was  
19 wondering what a layout area is.

20 HEARING OFFICER RENAUD: Good question.

21 MR. SCARBOROUGH: If I said layout, I  
22 apologize. That should be a laydown area. And  
23 the purpose of a laydown area is that during  
24 construction you're going to have larger pieces of  
25 equipment that come to the site. They're going to

1        need temporary storage until it gets to the point  
2        in construction that you're ready to actually put  
3        them on the site.

4                So normally for a power plant you're  
5        going to set aside, depending on the size of the  
6        plant, an acre to three or four acres, so that you  
7        have a holding place for the larger pieces of  
8        equipment. You may even assemble some of that  
9        equipment on that particular site. But primarily  
10       its use is for holding until it's ready to be  
11       actually constructed on the plant.

12               MR. MARVIN: Thank you.

13               HEARING OFFICER RENAUD: Thank you. And  
14       there is a lot of strange terminology used in  
15       these power plant cases. So if you ever hear a  
16       word you don't understand feel free to ask what it  
17       means. That's what we're here for.

18               Any other questions regarding this  
19       presentation? Yes.

20               MR. SCARBOROUGH: You know, and I  
21       apologize because I just looked back here and I  
22       tried to remember. I don't know if everybody  
23       understood that Mariana was kind enough to provide  
24       translation services for us.

25               And so, if there is a case, and I

1 apologize it's so late in this presentation, if  
2 you do need assistance with translation services,  
3 Mariana would gladly provide that.

4 HEARING OFFICER RENAUD: Yes, thank you.  
5 Chris.

6 MR. MEYER: Just a very simple -- just a  
7 simple clarification. I wasn't sure if everyone  
8 understood it. I was wondering if you could  
9 clarify the statement about infrastructure not  
10 being necessary, new infrastructure not being  
11 necessary for this project. Just defining what  
12 the infrastructure entails.

13 MR. SCARBOROUGH: Oh, I'm sorry. As far  
14 as the infrastructure is, that part of the ability  
15 that really goes into siting a power plant, that  
16 makes it, you know, rational as well as  
17 economically viable, is that you have the  
18 infrastructure present to site the plant.

19 So the beauty of doing an energy upgrade  
20 such as this project is that you already have the  
21 gas pipeline and the gas pressure present. You  
22 already have the water present. And you have the  
23 transmission, naturally, in perfect location.

24 If you were to try and site a project as  
25 an example, and I know this is kind of, most

1 people would say, you know, we don't want it in my  
2 backyard. In reality, that is a nice thought.  
3 But unfortunately, you know, electricity has to  
4 really be generated and produced in an area to  
5 where you have all three of those components being  
6 water, natural gas and the location to the grid in  
7 the immediate area.

8 So that's the reason why this makes a  
9 good match for the upgrade of the project. Did  
10 that answer your question?

11 MS. ACERRO: Yeah, aren't there in other  
12 areas (inaudible) --

13 HEARING OFFICER RENAUD: Please come to  
14 the microphone and state your name, if you would,  
15 if you'd like your question on the record. Thank  
16 you.

17 MS. ACERRO: Well, my name's Theresa  
18 Acerro. And my question is I believe that there  
19 are other areas where that infrastructure is  
20 available, or almost all that infrastructure is  
21 available. And actually there are alternative  
22 locations for this project including the Otay  
23 landfill.

24 MR. SCARBOROUGH: I think that's a good  
25 question. And part of what I hope will come out

1 of the process is, you know, when we filed an  
2 application for certification part of that  
3 requirement, and it's a very very large document  
4 if you choose to read it, which I would encourage  
5 you to do, but included in that document is a  
6 requirement for an applicant to produce, you know,  
7 alternative sites.

8 And so you can look through that  
9 document and realize that in fact there are  
10 probably locations, you know, where you would  
11 probably prefer the plant. But from a position of  
12 looking where the infrastructure is, and getting  
13 the electricity to where the demand is, I think  
14 that you'll find that this is probably the perfect  
15 location for the upgrade project.

16 HEARING OFFICER RENAUD: By the way, the  
17 application for certification is located on the  
18 table over there in the back if you want to take a  
19 look at that. And you can also access it on the  
20 Commission website if you wish -- yes, and that's  
21 right. Thank you. It's also housed in all the  
22 local libraries.

23 Okay, let's proceed to a presentation by  
24 the Energy Commission Staff.

25 MR. MEYER: Thank you, Hearing Officer

1 Renaud and Chairman Pfannenstiel. I'm going to  
2 set up my PowerPoint presentation. In the interim  
3 what I have done is there are handouts, if you  
4 haven't received them, that look like this on the  
5 desk that have sort of a smaller version of the  
6 presentation, plus places to take notes on the  
7 edge. So Mike has those and he'll hand them  
8 around if, you know, just raise your hand if you'd  
9 like a copy of that.

10 (Pause.)

11 MR. MEYER: Now I'll see if I can learn  
12 how to run the remote control without going the  
13 wrong direction too many times.

14 You'll have this in our handout and it  
15 just gives you the key players in this. And there  
16 will be contact information at the end of the  
17 slide. So you'll have that with you.

18 Basically my role in this process is to  
19 manage the document that comes out from the Energy  
20 Commission Staff. That'll be all of our experts  
21 in the different technical areas that will produce  
22 this document. And it will come out in a draft  
23 form and that will go out for public review. And  
24 there will be a lot of guidance, you know, from  
25 the technical experts and also the Hearing Officer

1 will be involved in that process.

2 Basically it's the Public Resources Code  
3 that drives the siting project. And as it says,  
4 to insure the reliable supply of electrical energy  
5 is maintained at a level consistent with the need  
6 for such energy for protection of public health  
7 and safety, the general welfare and for  
8 environmental quality protection.

9 And it say the Commission's role, you  
10 may have wondered why the original project that  
11 was sited here was not -- the Energy Commission  
12 was not involved. The Energy Commission is just  
13 involved in projects that are greater than 50  
14 megawatts. And there's sort of three versions.

15 You have the smaller projects under 50  
16 megawatts that are going to be permitted locally,  
17 as the existing one was, under a conditional use  
18 permit. You have projects between 50 and 100  
19 megawatts that we call a small power plant  
20 exemption, which go through the Energy Commission  
21 process, but are ultimately seen by -- or  
22 permitted by the locals.

23 And then this is a case of a power plant  
24 over 100 megawatts where it'll go through the  
25 process which applicant will give us an

1 application for certification. You'll hear the  
2 term AFC a lot; that's what we're referring to.  
3 And in this case, this plant is a nominal 100  
4 megawatt; it goes through an application for  
5 certification which will go through our 12-month  
6 process at the Commission.

7 And as it says, we're the lead state  
8 agency for the California Environmental Quality  
9 Act, which is CEQA. And a CEQA document you may  
10 have run into before, there's going to be an  
11 environmental impact report. The California  
12 Energy Commission has a CEQA equivalence program  
13 where we produce a similar document, just under a  
14 different name. We call it an environmental  
15 assessment.

16 You'll see, I won't read everything  
17 that's on the slide, but it gives you an idea of  
18 the issues that we talk about in the process.

19 The licensing process is broken down to  
20 three areas. Data adequacy is very simply there  
21 are minimum requirements that the Energy  
22 Commission has that are regulated as far as what  
23 is considered to be a complete application,.

24 In this process our staff looks at the  
25 application from MMC in this case and sees just do

1 we have the minimum level of information to even  
2 start the review. And we looked at that; the  
3 Energy Commission actually has a decision that  
4 says this project met the minimum requirement, is  
5 data adequate. And at that point the 12-month  
6 permitting process starts. So we have met that.  
7 That was back on September 26th.

8 The second step is the staff discovery  
9 and analysis. That's the phase that we're in  
10 right now. And I'll get into that a little bit  
11 more in a moment.

12 And then the final is the evidentiary  
13 hearing and decision.

14 During this current process, this just  
15 gives you an idea of the key players. The Energy  
16 Commission Staff is the box in the center. As  
17 Mike and the Hearing Officer explained previously,  
18 we have intervenors. We have the Public Adviser,  
19 which helps coordinate, make sure everyone has a  
20 role in the process and a voice. The public. We  
21 have the applicant. And then we'll have state,  
22 local and federal agencies that'll be involved in  
23 the process.

24 Some of those agencies, and you have  
25 this so I don't really need to go through it, but

1 this gives you an example. We'll deal with  
2 cities; we'll deal with agencies such as the San  
3 Diego Air Pollution Control District which will  
4 focus on the air quality. Fish and Wildlife  
5 Service, Fish and Game, depending on the resources  
6 on the site.

7 As I said there's three steps during the  
8 process, data adequacy, the staff discovery and  
9 analysis, where we are now. Issues identification  
10 is a process where the staff looks at it and says  
11 in looking at this AFC what do we think are going  
12 to be the problem areas. Where do we think might  
13 be a show-stopper or an issue that we're going to  
14 have to focus a lot more attention on.

15 So we do an issue identification report  
16 that there's copies on the table that you can take  
17 a look at. And I'll go through them briefly.  
18 That just says in this very particular to this  
19 case these are some issues that we think are going  
20 to need additional help, additional focus.

21 Data requests. Very simply that's when  
22 the specific disciplines, you know, whether it's  
23 air quality, water, transmission line safety,  
24 worker safety, hazmat, those specialists in the  
25 Commission look at the application and this is

1 their process of asking the applicant to clarify  
2 certain issues where we need additional  
3 information so that we can do our full review.

4 So there'll be data requests. And then  
5 there'll be data responses that will come back  
6 from the applicant. And all of that information  
7 will be posted on the website so it's very easy to  
8 follow it.

9 Workshops. You'll have a situation  
10 where after our preliminary staff assessment.  
11 That will go out for public review and then we'll  
12 have workshops, you know, similar to this, where  
13 people from the public can ask questions, make  
14 comments on that document.

15 And this gives you a little bit more on  
16 the staff assessment and the process. They say  
17 preliminary and final. Basically what it means is  
18 the preliminary will go out for public review. We  
19 incorporate those issues and try to identify  
20 anything that comes out of the preliminary review  
21 and address it in the final.

22 And basically when we go through that  
23 whole process, go through the final, the end of  
24 what staff will do in their analysis is we make  
25 our recommendations to the Committee. And as

1 introduced earlier, Chairman Pfannenstiel is the  
2 Presiding Member of a two-Commissioner Committee  
3 on the project.

4 The third step is the evidentiary  
5 hearing and decision. This is after the final PSA  
6 has gone to the Committee. And this is when the  
7 Committee will conduct the evidentiary hearings.  
8 And the Committee will produce the Presiding  
9 Member's Proposed Decision where the Hearing  
10 Officer will take a much larger role in this than  
11 staff.

12 And as it says, environmental impacts,  
13 health, engineering, compliance with LORS,  
14 recommending conditions of certification. If  
15 you're not familiar with that, the conditions of  
16 certification are basically they're the rules that  
17 if the project gets approved, that the applicant  
18 would have to adhere to to mitigate different  
19 impacts.

20 So if the project would have potentially  
21 an air quality impact, having specific conditions  
22 of certification to this project that address  
23 where staff believes there could be an impact.  
24 The conditions of certification that would be  
25 recommended would mitigate those to a less than

1 significant impact.

2 And then probably the most important is  
3 recommending whether or not the Commission should  
4 approve the project. And the PMPD goes in front  
5 of the full Commission, not just the Committee.  
6 So it will be in a regularly scheduled business  
7 meeting.

8 And the last part, if the Energy  
9 Commission does approve the project it goes over  
10 to the Energy Commission's compliance unit, which  
11 for both in construction and the life of the  
12 project, will insure that any conditions of  
13 certification that are adopted if the project is  
14 approved will be enforced throughout the life of  
15 the project.

16 This gives you just another little  
17 example of what the relationships between the  
18 different parties in the evidentiary hearing and  
19 decision process, where the Energy Commission  
20 Staff, you know, will have a role in providing  
21 written testimony. Intervenors will provide  
22 testimony. Public, this will be also another  
23 opportunity for you to provide comments either in  
24 writing or verbally.

25 Mike was actually really good. He

1 covered most of this, as well as Chairman  
2 Pfannenstiel covered this. We really try to make  
3 sure that the public has as much opportunity as  
4 possible to become part of the process, you know,  
5 providing oral comments in meetings such as this;  
6 written comments, emails, all of the stuff, you  
7 know, will go into the record. Comments on the  
8 preliminary staff assessment, the final staff  
9 assessment or the PMPD.

10 And they covered becoming a formal  
11 intervenor already.

12 Ways to get information. As Mike said,  
13 you know, you can sign up here to get on the  
14 mailing list. There's also a listserver. And  
15 I'll go into -- I have another slide that goes  
16 into that a little bit more, where if you don't  
17 sign up today and you decide in a week or two you  
18 want to be on the mailing list, there's another  
19 opportunity. Or if you have someone who's not  
20 here, you can let them know how they can get on  
21 the list, as well.

22 And there's a list there that you'll  
23 have with you. There are several libraries that  
24 all of our decisions go to which is like Eureka,  
25 Sacramento, San Francisco, Fresno, Los Angeles and

1 San Diego. And there are six local libraries that  
2 they went to. And under the recommendation of  
3 Theresa, it went to an additional, the Southwest  
4 Chula Vista Branch, I believe. So there's a copy  
5 there, as well.

6 And the website is another place to get  
7 the information. And I'll go into that in a  
8 little bit more in a second.

9 The Energy Commission's website for  
10 Chula Vista is a great place to review documents.  
11 If you don't want to go through, you know, the  
12 full, you know, three-inch binder, there's a pdf  
13 there where you can browse through it.

14 Also, all the notices, documents,  
15 reports, the issues identification report that I  
16 talked about, any data responses, data requests,  
17 all of that will be on this website. And it's  
18 divided up between the notices, the applicant's  
19 documents, the Commission's documents,  
20 intervenors' documents, it's all divided up. So  
21 it's fairly easy to go through that and find the  
22 information.

23 And the list server is the next big  
24 issue. As I said, if you decide later in the  
25 process you want to get information, you just go

1 to the website for the Chula Vista project.  
2 There's a nice, very easy to find yellow box  
3 there. You just enter your email, hit the send  
4 button, and you'll automatically receive notices  
5 on new documents or hearings.

6 And I just put this on here. That's my  
7 contact information either by phone or email.  
8 Please don't hesitate to let me know if you have  
9 any questions on that, and I'll do my best to  
10 answer them.

11 So that's -- does anyone have any  
12 questions? I can stop it right now for a second  
13 before I get on to the issues identification  
14 report.

15 HEARING OFFICER RENAUD: Any questions  
16 regarding the presentation so far? All right,  
17 Chris, why don't you proceed with the issues  
18 identification then.

19 MR. MEYER: Great. As I said before,  
20 the staff's issues identification report is sort  
21 of our first blush, you know. This is what we  
22 think, in starting our review, in sort of the  
23 early part of the review, might be issues that  
24 need more energy devoted to them.

25 Also it's a way of telling the public,

1 you know, our experts looked at this and they  
2 think these issues are potential either problems  
3 or are going to need more focus.

4 And as I say, the criteria of  
5 significant impacts that may be difficult to  
6 mitigate. And that's where the conditions of  
7 certification of certification. If they don't  
8 think that they can develop some conditions of  
9 certification to fully mitigate it, then, you  
10 know, really it becomes something that they want  
11 in the issues identification report.

12 Noncompliance with LORS. If there's a  
13 local law, ordinance, regulation or standard that  
14 the project or a component of the project would be  
15 incompatible with, it's definitely something we  
16 need to have in this.

17 And then, you know, conflicts between  
18 parties about appropriate findings or conditions  
19 of certification.

20 So, I have it broken out by the  
21 different disciplines. Not all the disciplines  
22 had issues on this project. Air quality was one.  
23 And this is too early in the process for our staff  
24 to say this is the problem, this is what's going  
25 to happen. This is just something we want to look

1 at.

2 One was just to make sure that the  
3 emission reductions are related to the actual  
4 emissions of the existing project, rather than if  
5 they had operated at the maximum the air permit  
6 allowed them to. So, let's say if a project was  
7 allowed to operate 4000 hours a year, they would  
8 have a very high level of emissions as opposed to  
9 if they're only operating 200. So we just want to  
10 make sure that we're looking at a reduction of  
11 emissions based on the 200 rather than the 4000,  
12 just so we can, you know, look at the actual, as  
13 close to the actual numbers as possible.

14 And then we need to mitigate all  
15 nonattainment pollutants and their precursors to  
16 the ratio of one-to-one. And that's ozone, PM10  
17 and PM2.5 standards.

18 Land use was another one where, as you  
19 have all noticed, this area is changing a little  
20 bit from the junkyards that, you know, show on  
21 some of the older aerials. You know, the new  
22 building that's adjacent to the plant.

23 And one thing that our staff is going to  
24 be looking very closely at is in the industrial  
25 use, such as the power plant and associated

1 activities, it's not specifically listed as a  
2 permitted use or conditional use within the City  
3 of Chula Vista. And that's something that our  
4 land use staff will have to look very closely at  
5 to see if this is a consistent with, you know, the  
6 plans of the City of Chula Vista.

7 Also the project site's near the Otay  
8 Valley Regional Park. And that, you know, sets  
9 off certain criteria that our staff will have to  
10 look at in this process. Once again, it's by the  
11 green belt, and our staff will have to make sure  
12 that it's consistent with the green belt master  
13 plan.

14 Being in California, mainly in southern  
15 California, water is always an issue. And it's a  
16 very important issue with the Energy Commission.  
17 And the proposed use of potable water, you know,  
18 from the Sweetwater Authority for the use of the  
19 power plant is something that our water quality  
20 staff is going to look very closely at, to see if  
21 there's any other potential uses or potential  
22 sources of water other than fresh water.

23 And our policy basically is that the  
24 Energy Commission will not approve the use of  
25 fresh water for power plant cooling processes

1 unless an alternate water source for cooling  
2 technologies are environmental and desirable and  
3 economically unsound. So, as I said, water is  
4 going to be a big concern for our staff in going  
5 through this process.

6 Transmission systems engineering. As I  
7 said before, this project doesn't include any  
8 linears. The water pipelines, gas pipelines,  
9 transmission lines are all in and would be used.  
10 There's not going to be any offsite construction  
11 of those.

12 But there's always a chance when you're  
13 increasing a project, you know, like doubling the  
14 capacity in this case, that downstream somewhere,  
15 you know, a mile or two miles down you might have  
16 to do, or SDG&E might have to do some work on  
17 their lines to be able to get that power, you  
18 know, to the grid. And that's something that our  
19 transmission system engineering staff will be  
20 looking at.

21 So those are the issues in our issues  
22 identification report. And as I said, I made  
23 several copies you can take a look at.

24 The staff's proposed schedule is really  
25 based on when the project became complete and was

1 deemed data adequate. As I said, that was when  
2 you see the second one on September 26th of '07.

3 It's an approximately 12-month process.  
4 This is always sort of our goal, and there can be  
5 changes in that if significant issues, delays come  
6 up on getting information, or just if the sheer  
7 workload of the Energy Commission gets to the  
8 point where it takes longer to do a thorough job.  
9 We're not driven to the schedule so greatly that  
10 the Energy Commission's going to rush its  
11 analysis. We're going to make sure we have a very  
12 complete and comprehensive analysis of all the  
13 impacts.

14 So we're hoping in September of next  
15 year we'll be ready to go in front of the  
16 Commissioners for them to make a decision on the  
17 project.

18 But this one just gives you a general  
19 idea when different steps in the project will  
20 happen. And hopefully we'll be able to update you  
21 as we go, if you want to attend a certain meeting,  
22 you know, so you'll have time to plan for it.

23 And that brings me to the end of my  
24 presentation. And once again, this is the contact  
25 information. If you have any questions, I think

1 we're ready for questions.

2 HEARING OFFICER RENAUD: Thank you.

3 Yes. And just again, to emphasize, as Chris said,  
4 the issues identified so far, just based on the  
5 initial review, are air quality, land use, soil  
6 and water resources and transmission system  
7 engineering. That doesn't mean there won't be  
8 other issues that will crop up. But so far those  
9 are the ones that have appeared to be significant.

10 Are there any questions now from the  
11 members of the audience regarding the presentation  
12 by Mr. Meyer?

13 Yes, please come up to the mike and  
14 identify yourself, thank you.

15 MR. MILLER: My name is Carl Miller; I'm  
16 the CEO of MMC Energy. We have our consulting  
17 engineer, Steven Blue, from Worley Parsons. I  
18 would like Mr. Blue to address, just for the  
19 audience for a perspective of general  
20 understanding, and on the record, the  
21 deliverability analysis that is required as part  
22 of this process, by the California ISO and SDG&E,  
23 because it's not exactly a linear process.

24 And Mr. Blue will explain this  
25 transmission component. I think it's very

1 important because the questions were raised in the  
2 site visit, well, do we need to have new  
3 transmission lines, et cetera. And the answer is  
4 no. And Mr. Blue will explain why. Steve.

5 HEARING OFFICER RENAUD: Thank you.

6 MR. BLUE: My name is Steven Blue; I'm  
7 an engineer, Project Manager for this project,  
8 with Worley Parsons Corporation. We are a company  
9 that's done quite a bit of work on power plant  
10 facilities here in the State of California.

11 The issue that Carl Miller refers to,  
12 the deliverability issue, is a problem that we  
13 discussed at the site. With a congestion of  
14 electricity here in the San Diego area, the  
15 ability to transport power from one place to  
16 another.

17 Basically it's caused by many different  
18 factors; one being transmission grid being  
19 inadequate. That's essentially the bottomline is  
20 that if you can get power from the point of  
21 generation to the load, then there's not a lot of  
22 good in generating the power.

23 This facility, where it's located, is a  
24 good location for that load that's surrounding the  
25 power plant, in the immediate vicinity of the

1 power plant. This is a great location because it  
2 allows the generation that's being done by this  
3 power facility to get to the load here in this  
4 general area.

5 There is a study that's being done right  
6 now by the California Independent System Operator,  
7 Cal-ISO, that they are reviewing the  
8 deliverability issues based on the current plants  
9 what they call in the queue, which are in the  
10 planning stages right now with the Cal-ISO.

11 Those facilities impact the grid, as  
12 well as the deliverability. And the Cal-ISO is  
13 studying that right now to determine what the  
14 deliverability is of those plants.

15 Right now it's expected that this  
16 facility will be one of the most deliverable and  
17 allow this entire area to become much more  
18 reliable as far as power generation is concerned.

19 HEARING OFFICER RENAUD: Very good,  
20 thank you.

21 MR. BLUE: Any questions?

22 HEARING OFFICER RENAUD: It looks like  
23 we have a question. Would you please come up to  
24 the mike, thank you.

25 MS. ACERRO: I have several questions.

1 First, exactly --

2 HEARING OFFICER RENAUD: Please identify  
3 yourself before you start.

4 MS. ACERRO: Theresa Acerro. Exactly  
5 what area are you referring to geographically?

6 MR. BLUE: Well, in general, right here  
7 specifically in the Chula Vista area, but in San  
8 Diego in general.

9 MS. ACERRO: Well, that hardly makes  
10 this specific location the best location if you're  
11 talking San Diego in general. Or even if you're  
12 talking Chula Vista, where most of our load is in  
13 the east. Exactly what is the demand in this  
14 particular area of southwest Chula Vista?

15 MR. BLUE: I'm not sure that I could  
16 give you that specific number. I don't know what  
17 that number is here in the immediate vicinity.

18 The issue is more on a global area, not  
19 so much specific here, but the fact that the  
20 entire region is growing dramatically. I think  
21 earlier there was a slide said 100 megawatts per  
22 year approximately.

23 Therefore there's a requirement to bring  
24 at least that much power into the overall area.

25 MS. ACERRO: Okay. By overall area you

1 mean the San Diego area, which is a very large  
2 area with many different places that this could be  
3 located, correct?

4 MR. BLUE: I suppose the answer could be  
5 yes.

6 MS. ACERRO: Thank you.

7 HEARING OFFICER RENAUD: All right,  
8 thank you. Any other questions? Yes, if you  
9 would please come up to the microphone.

10 MS. LUCKHARDT: I guess I feel like I  
11 need to add a little bit to Mr. Blue's response.  
12 I think once we have the restudy that San Diego  
13 Gas and Electric is performing right now, based on  
14 the withdrawal of the South Bay Repower from the  
15 queue, we will have additional information  
16 regarding how this project fits into the local  
17 grid.

18 And once we get that information I think  
19 it will clearly show the support that this project  
20 provides to the local grid, as well as the larger  
21 San Diego area.

22 HEARING OFFICER RENAUD: And for the  
23 record, the speaker was Jane Luckhardt, --

24 MS. LUCKHARDT: Yes.

25 HEARING OFFICER RENAUD: -- counsel for

1 MMC. Thank you.

2 MS. LUEDTKE: My name is Sarah Luedtke  
3 and now that I have heard this presentation from  
4 the California Energy Commission, if this is --  
5 let me read it -- a heavy industrial use, why do  
6 we have this in the first place? That's a light  
7 industrial area. Why -- what's the problem here?  
8 You shouldn't be meeting. This should be a no  
9 from the beginning. The council should never have  
10 said let's consider. Light industrial is light  
11 industrial. This is heavy industrial in a  
12 residential area next to an elementary school.

13 HEARING OFFICER RENAUD: Thank you for  
14 your comment. Let's -- just to keep things a  
15 little bit organized here, let's remember we're,  
16 at this point, asking questions regarding the  
17 staff's presentation. And I'm sorry, I forgot  
18 your name, sir --

19 MR. BLUE: Steve Blue's presentation.  
20 And we will move into a period for public comment.  
21 So, are there any further questions regarding  
22 either of those? The gentleman over here, if you  
23 would come forward, please.

24 MR. REAVES: Good afternoon. My name is  
25 Charles Reaves. I'm a local resident and I'm a

1 millwright out of Local 1607 Los Angeles.

2 I work on numerous power plant projects,  
3 and was concerned as to who exactly is going to be  
4 installing these units. And I would like to know  
5 if they're going to be using union craft or  
6 nonunion labor. Thank you.

7 HEARING OFFICER RENAUD: That sounds  
8 like a question for the applicant. Is there  
9 anyone who'd like to answer that on behalf of the  
10 applicant?

11 MR. SCARBOROUGH: I believe I can  
12 address that.

13 HEARING OFFICER RENAUD: Harry  
14 Scarborough.

15 MR. SCARBOROUGH: It is our intention to  
16 use union labor. As a matter of fact, I will be  
17 meeting with Mr. Baukowitz (phonetic) here in the  
18 near future to discuss the construction of the  
19 project and our position on using union labor  
20 going forward.

21 MR. REAVES: All right, thank you.

22 HEARING OFFICER RENAUD: Any other  
23 questions at this point before we move into any  
24 statements on behalf of the intervenors? Okay.

25 We do have two intervenors in this case,

1 CURE and the City of Chula Vista. Any statement  
2 or comment at this point on behalf of CURE?

3 MS. PEESAPATI: (inaudible).

4 HEARING OFFICER RENAUD: All right,  
5 thank you. On behalf of the City? I do have a  
6 card from Scott Tulloch, is that -- would you like  
7 to make a statement? Mr. Tulloch is the Assistant  
8 City Manager.

9 MR. TULLOCH: Basically I wanted to  
10 thank the Commission for taking the time to have  
11 this hearing actually in our community. It gives  
12 us a chance, as staff, to get a better  
13 understanding of the project, but it also, more  
14 importantly, gives the folks that live down here  
15 an opportunity to not have to travel someplace to  
16 make their comments known and to ask their  
17 questions.

18 Our staff right now, the City Staff, is  
19 in the process of analyzing the application, as  
20 well. We did file for intervenor status. That  
21 was basically to do what the Hearing Officer said,  
22 and that was to give us a seat at the table.

23 This is an important project to us.  
24 Energy, in general, is important to us. And also,  
25 in particular, the siting of additional energy

1 producers or expansion of the production  
2 capability.

3 So it's very important to us. And the  
4 fact that we filed as an intervenor should not be  
5 construed one way or the other as our having taken  
6 a position, because we don't have a formal  
7 position at this point. We're still in the  
8 analysis phase, ourselves.

9 So thanks, again, for coming down here.

10 HEARING OFFICER RENAUD: Thank you very  
11 much. The only thing we construe from filing as  
12 an intervenor is that you want to be involved, and  
13 we appreciate that.

14 Before we move into public comment let  
15 me just bring up the issue of scheduling. We have  
16 seen a proposed schedule from the staff. It  
17 pretty much tracks what we hope to follow, which  
18 is a roughly one-year process of reviewing these  
19 applications.

20 I'm wondering if there's any comment or  
21 question regarding the proposed schedule on behalf  
22 of the applicant?

23 MS. LUCKHARDT: We just looked at it  
24 today, but it looks reasonable, just on a first  
25 glance.

1                   HEARING OFFICER RENAUD: All right.  
2                   And, as always, it's subject to adjustment as we  
3                   move along. Things happen, things get delayed and  
4                   so on, but we generally hope to stick to roughly a  
5                   12-month period.

6                   All right. Having said that I think  
7                   we'll move into our final portion of the  
8                   proceeding, which is public comment. And this is  
9                   the time when members of the public may come  
10                  forward, make comment, ask questions, whatever you  
11                  want, which will be on the record.

12                  I do have a card from Mr. Steve Palma  
13                  indicating you wanted to speak to us, so would you  
14                  please come forward.

15                  MR. PALMA: If I may, as a hard-of-  
16                  hearing person, I don't know if it's an oxymoron,  
17                  but Scott and Michael, it's Mr. Meacham to me, can  
18                  you hear me in the back? Thank you.

19                  My name is Steve Palma, 121 Orange  
20                  Avenue, Space 90, Chula Vista 91911-5139. And on  
21                  behalf of fellow residents in this community of  
22                  Otay, to the Energy Commission, we warmly welcome  
23                  you.

24                  I'm going to have to give you a little  
25                  bit of my background on my living here since 1947.

1 And I'm old enough actually to be able to have  
2 done the things that I'm trying to say. And the  
3 reason I give you my background is that you know  
4 that I've been here a long time.

5 I live right up the street. On the  
6 screen there you saw some of the simulations, and  
7 you got to see where I live. In other words, I do  
8 live right here.

9 I am the former Chairman of the Board of  
10 the Friends of the Otay Valley Regional Park,  
11 which was a fundraiser for the 12-mile, 18-mile  
12 park that you see down the street here.

13 I was also on the dedication team that  
14 dedicated that particular park. One of the other  
15 dedicators was then Mayor Greg Cox, husband of the  
16 current Mayor Cheryl Cox, and Congressman Brian  
17 Bilbray.

18 I'm going to cause Harry to have a grey  
19 hair for just a moment. When the original peaker  
20 plant was proposed I says, don't build that thing,  
21 it's going to ruin my park. I've spent 18 years  
22 as a volunteer going for that.

23 Well, as it turned out it never did a  
24 bit of harm to the environment. It did nothing  
25 wrong. I used to pick weeds, when I was a kid, on

1 the location of that little peaker plant that we  
2 toured today.

3 I favor the new project for a lot of  
4 reasons. We have our Honorable Assistant City  
5 Manager here, and, Scott Tulloch, of that \$665,000  
6 that I see projected, I'd like you to spend every  
7 penny in southwest Chula Vista. Thank you.

8 I'm also a Board Member of the Southwest  
9 Civic Group. I'm also the person that fought the  
10 City of Chula Vista to get the funding so this  
11 could be built.

12 I have a lot of people that ask me what  
13 we should do, what we should support. And even  
14 this morning I was having friends and neighbors  
15 call me about this project.

16 We, as people, favor the project. When  
17 it does operate, seeing as I live on the hill, I  
18 can see when it is operating. I can't hear  
19 anything. What I mean by seeing, I see a slight  
20 distortion if there was a heat vent. That's  
21 really it.

22 I welcome this project for a lot of  
23 reasons. I'd love to see the Honorable Energy  
24 Commission get rid of the current San Diego Gas  
25 and Electric plant so that we could build the

1 Charger Stadium here. I mean my son and his  
2 friends, who are law enforcement people, drive  
3 from Nevada to the Charger games. Wouldn't it be  
4 spiffy.

5 We the public that's here are asking  
6 that you support this. And I'm happy that I see  
7 some names here. Like, Mike, if something does go  
8 wrong after it's approved, you believe I'm going  
9 to call you. Call you at home.

10 The fact that you monitor this after  
11 it's approved and built makes me feel real good  
12 because I know that you're dedicated people. And  
13 I know that the project people have operated  
14 peakers and plants like that. And it's a  
15 business. This is a dollar-and-cents issue.

16 But the reason I'm also here is a lot of  
17 the children that helped me in the fight to build  
18 this, some of them are gone. I'm actually here  
19 today for the children of the children that helped  
20 me get this built in my community. That is what I  
21 am really charged with.

22 I could give you figures and things, but  
23 we don't need to do figures. You've got all the  
24 figures you can use. I'm just saying, as a  
25 person, that has been volunteering.

1           I'm also the Southwest Representative  
2           appointed by the City of Chula Vista on what's  
3           called The Growth Management Oversight Commission.  
4           We look at all of the functions of the City; do  
5           our studies; make the departments get back to us.  
6           We make recommendations to the Planning Commission  
7           and the City Council. They approve; they order  
8           the City Manager to do whatever is necessary.

9           But this particular project, I'm asking  
10          you, as Steve Palma personally, to please approve  
11          and go with it because I feel confident you will  
12          not let us down. I feel confident our Governor  
13          knows what you're doing and is happy that you're  
14          here.

15          The first time I saw the Governor of  
16          California I was a newsman in the north County.  
17          We were doing a fundraiser to build a therapy pool  
18          for handicapped kids. One of the acts was a lady;  
19          her name is Debbie Reynolds, singing a song,  
20          pulling on a dog chain. This was in 1976. It was  
21          a leash; and as she pulled more the lengths got  
22          bigger and bigger and bigger until she pulled out  
23          this body builder, Arnold Schwarzenegger. That's  
24          when I first met him.

25          The people that are here are hoping that

1 the right thing is done. I'm hoping that this  
2 peaker is built because we do need it. I've seen  
3 it in action. I know what blackouts are about,  
4 all that; that's not my concern. I'm just saying  
5 as somebody that lives in this community, I  
6 haven't had a complaint about it.

7 The businesses that are around it don't  
8 have a complaint. The community that is almost  
9 next-door, just west of it, I'm the one that  
10 brought in the sidewalks through community  
11 development block grant money. People are more  
12 concerned about truck traffic. But that's really  
13 not our issue here.

14 So I will now excuse myself, but I thank  
15 you for being here, but I can safely say my  
16 neighbors are within walking distance of this  
17 project and welcome it. Thank you very much.

18 PRESIDING MEMBER PFANNENSTIEL: Thank  
19 you.

20 HEARING OFFICER RENAUD: Thank you for  
21 your comments. Okay, Lisa Cohen.

22 MS. COHEN: Good afternoon, Energy  
23 Commissioners, Staff. My name is Lisa Cohen; I'm  
24 the CEO of the Chula Vista Chamber of Commerce.  
25 I'm also a resident here on west side of Chula

1 Vista, raising my two children, and a homeowner.

2 As you know, the California Independent  
3 System Operator has designated the San Diego  
4 region as a reliability-constrained area. To that  
5 end we are pleased to support the effort of MMC  
6 Energy to upgrade its existing peaker plant to  
7 increase generating capacity to help meet the  
8 region's needs for electricity.

9 This project is a win/win for our  
10 community. By utilizing the latest technology,  
11 the plant will decrease its carbon emissions while  
12 generating more power for the region.

13 The upgrade is designed to minimize  
14 noise and air pollution. And will include  
15 construction of a fence and a sound wall, combined  
16 with specialized landscaping to minimize any  
17 potential impacts.

18 Additionally, the peaker plant will  
19 utilize existing facilities and infrastructure  
20 already onsite, including gas supply, water supply  
21 and electrical interconnection. And will enhance  
22 the buffer between the plant and the Otay Valley  
23 Regional Park to the south of the site.

24 This upgrade will create short-term  
25 construction jobs, and bring new redevelopment

1 dollars to the City of Chula Vista. New capital  
2 investment of roughly \$70 million will result in  
3 approximately \$655,000 in property taxes annually.  
4 And since the upgrade is in a redevelopment area,  
5 the City of Chula Vista would receive  
6 approximately \$110,000 to \$330,000 to the  
7 redevelopment agency in taxes where it can be  
8 invested in improvements for the community.

9 We are pleased to support this important  
10 project which is not only good for the business,  
11 but good for the community.

12 The Chamber of Commerce thanks you for  
13 your attention to the energy reliability needs.  
14 We respectfully ask for your support. And our  
15 Chamber also represents over 1000 businesses and  
16 their 32,000 employees.

17 Thank you.

18 HEARING OFFICER RENAUD: Thank you very  
19 much. Leo Miras, pardon me if I mispronounced  
20 your name.

21 MR. MIRAS: No, that was pretty good  
22 actually.

23 HEARING OFFICER RENAUD: Thank you.

24 MR. MIRAS: Good afternoon, Members of  
25 the Commission, Staff. My name is Leo Miras; I'm

1 from the Environmental Health Coalition. We're a  
2 27-year-old environmental justice organization  
3 based here in the South Bay region of San Diego.

4 Our goal is to insure that all South Bay  
5 residents can live, work and play in a healthy  
6 environment. As members of California's AB-32  
7 Environmental Justice Advisory Committee, and  
8 SANDAG's Energy Working Group, we are committed to  
9 creating a sustainable energy future for Chula  
10 Vista in California.

11 I'm here today to voice the concerns of  
12 our members living in southwest Chula Vista who  
13 see this proposed new power plant as a threat to  
14 this goal. The replacement of the current 44.5  
15 megawatt plant with a plant on the same lot with a  
16 122 percent increase in energy capacity is  
17 unacceptable given the proposed plant's location,  
18 potential for emissions and lack of renewable  
19 energy development.

20 EHC has identified several elements to  
21 this project that we oppose, and cite reasons why  
22 this new power plant is the wrong thing at the  
23 wrong place at the wrong time.

24 First, poor location. The new power  
25 plant, like the one it is replacing, remains in a

1 very poor location, roughly 1500 feet -- actually  
2 we did revised numbers, it's actually close to  
3 1300 feet -- from an elementary school. And only  
4 about 300 feet from the nearest residential  
5 neighborhood. The plant represents one of the  
6 worst examples of siting possible.

7           Moreover, the new power plant's proposed  
8 location violates the City's values and goals as  
9 expressed in the recently adopted Chula Vista  
10 general plan. The general plan policy E6.4  
11 expressly directs the City to avoid siting new or  
12 repowered energy facilities and other major toxic  
13 emitters within 1000 feet of a sensitive receptor.

14           Now, it's not disputed that the plant  
15 will be within 1000 feet of a sensitive receptor.  
16 However, MMC misreads and/or misunderstands the  
17 policy when they argue that their proposed new  
18 power plant should not be included as a major  
19 toxic emitter.

20           The use of the words "and other" in the  
21 sentence indicates that under a plain meaning of  
22 the text, the City clearly intended new or  
23 repowered energy sources to be considered major  
24 toxic emitters.

25           Now, EHC has intimate knowledge about

1       this specific policy because we're the ones that  
2       proposed it.  So if there's any discussions about  
3       legislative intent, we'd be happy to talk to you  
4       about it.

5                 Also, given the fact that most of the  
6       vital parts of the plant are new, this should be  
7       considered a new plant, not just a mere upgrade.  
8       The creation of a new facility on a previously  
9       empty portion of a lot with, once again, a 122  
10      percent increase in capacity, could not reasonably  
11      be considered an upgrade.

12                The proposed power plant is based on the  
13      information in the AFC, basically a new power  
14      plant -- this is of a new power plant that's using  
15      a limited amount of recycled equipment.  It's a  
16      new power plant.

17                Now in terms of land use, specifically  
18      land use designations, which is closely related to  
19      the poor siting issue, is the fact that the site  
20      and adjacent parcels are both considered limited  
21      industrial.  As one of the speakers mentioned  
22      earlier, it could be described also as light  
23      industrial.

24                According to the City's ordinance  
25      creating the designation the purpose of the

1 limited industrial zone is to encourage sound-  
2 limited limited industrial development by  
3 providing and protecting the environment free from  
4 nuisances created by some industrial use, and to  
5 insure the purity of the total environment of  
6 Chula Vista. Power plants are not included in the  
7 list of permitted or conditional uses for this  
8 designation.

9           Despite the fact that in the application  
10 for certification MMC argues that the new power  
11 plant is a type of manufacturing. No, it's a  
12 power plant. And we agree with the CEC Staff that  
13 this is an example of heavy industrial use, which  
14 again is not permitted under the current limited  
15 industrial designation.

16           Now, the current 44 megawatt plant  
17 needed a conditional use permit to be issued by  
18 the City of Chula Vista. Now, however, the new  
19 proposed power plant will be more than twice that  
20 size at 100 megawatts, a much larger power plant.  
21 And this clearly is outside the intent of the  
22 ordinance to create a zone for limited industrial  
23 development.

24           By the intent and letter of the  
25 applicable zoning ordinances, a 100 megawatt power

1 plant should not be permissible in this current  
2 zoning designation.

3 Therefore, when the AFC states that the  
4 new power plant would be consistent with the light  
5 industrial zoning character of the area, this is,  
6 in fact, untrue, since by its very definition,  
7 limited industrial designation doesn't include  
8 power generation either as permissible use or as a  
9 conditional use.

10 The AFC also states that the current  
11 power plant represents an existing allowable use  
12 under the current general plan. This is not  
13 entirely correct. The plant was only able to be  
14 placed at this location through a special  
15 conditional use permit by the City exempting the  
16 project from the general plan requirements.

17 MMC states that the surrounding area is  
18 designated industrial. This is misleading. Much  
19 of the surrounding area is designated limited  
20 industrial. And also north of Main Street is  
21 mostly residential. Areas designated and  
22 developed residential are only about 350 feet  
23 away. A school and this recreational center are  
24 roughly 1300 feet away. And additional residences  
25 adjacent to the elementary school roughly 1800

1 feet away. Overall there are nine schools located  
2 within two miles of this power plant.

3 And in terms of air quality we haven't  
4 had enough time or chance to fully evaluate the  
5 air emissions data. While, in general, we support  
6 modernizing old power plants, and we understand  
7 that for comparable amounts of emissions the  
8 region would receive more energy for burning the  
9 same amount of gas.

10 However, the pollutant that we are  
11 worried most about in communities is particulate  
12 matter, or PM. And according to the AFC the  
13 potential PM emissions is higher, and the sources  
14 closer to sensitive uses. Again, it is the  
15 location of the project that is a significant  
16 obstacle.

17 We believe that the analysis provided  
18 understates the increases in pollution. A more  
19 accurate analysis would be to compare the real  
20 emissions of the current plant and the expected  
21 and maximum emissions of the new plant.

22 Similarly, of the presentation just  
23 given, MMC compared the emissions of the current  
24 facility and the proposed facility based on 500  
25 hours of operation. The numbers are relatively

1 comparable. However, once again, these numbers  
2 are misleading.

3 The old power plant, in its six years of  
4 existence, never ran for 500 hours a year. In  
5 fact, some years it didn't run at all. Meanwhile,  
6 this new facility, according to some sources, will  
7 run for 1000 hours a year or more. And the  
8 plant's technical potential is 4500 hours. Were  
9 these analyses run, the results would be quite  
10 different.

11 Moreover, with regard to the air quality  
12 data, there is insufficient information about the  
13 cumulative impacts to the surrounding community.  
14 The proposed new power plant would be increased in  
15 the hours that it will run, will likely add more  
16 pollutants to the area.

17 In addition, any air quality information  
18 must include the likely emission from the ammonia  
19 trucks that will be coming down Main Street to  
20 fill up the 12,000 gallon ammonia tank once every  
21 two or three weeks, which is what the AFC states.

22 MMC is not giving the public a good idea  
23 of how many hours we're likely to see from the new  
24 power plant. The AFC is deliberately vague  
25 stating that 600 hours a year is a more realistic

1 number than 4000 hours a year, which is near the  
2 technical capacity. So this creates a sizeable  
3 range of anywhere between 500 and about 2300 hours  
4 a year.

5           Since the potential exists that the  
6 plant would run at its maximum level, and it is  
7 extremely unlikely that it will run at its  
8 minimum, these are the assumptions that must be  
9 made to assess whether or not the location is  
10 healthful for residents.

11           The possibility of expansion. The  
12 peaker plant currently sits on the southern part  
13 of the lot. The new turbines will be placed on  
14 the northern section of the lot. The old portion  
15 of the plant will be removed leaving the southern  
16 portion of the lot with what MMC described as a  
17 shed for storage.

18           In a simulated aerial view of the  
19 project, this shed is represented by an unassuming  
20 green building. Easily this green structure could  
21 be removed or not built in the first place,  
22 leaving room for another possible expansion.  
23 Suddenly the 44.5 megawatt plant would go to 100  
24 megawatts, and then possibly even 150 megawatts.  
25 MMC knows that section of the lot could hold

1 turbines, since it's done so for seven years.

2 Originally the City granted a license to  
3 a 44.5 megawatt facility, as it was a relatively  
4 small facility, deemed necessary during an energy  
5 emergency, and did so even then grudgingly. In  
6 fact, when the City was presented with a possible  
7 expansion less than eight months later, it  
8 vociferously fought it.

9 Now, this 45.5 megawatt small measure is  
10 likely to become a much more substantial 100  
11 megawatt presence. Subsequently it can even be  
12 more easily turned into an even larger menace. A  
13 much larger plant will create more pollutants,  
14 more greenhouse gas emissions and more traffic  
15 from ammonia supply trucks.

16 A dangerous new precedent would be  
17 created if the proposed plant is certified. If  
18 the City and CEC allow a 100 megawatt power plant  
19 in an area set aside for limited industrial, it  
20 would be difficult to limit future expansions.

21 What exactly would be too large to be  
22 placed on the lot? Would 200 megawatts still be  
23 limited industrial? How about 500 megawatts?  
24 That's the size of a major baseload plant.

25 Renewable energy. As a member of the

1 Chula Vista Climate Change Working Group, one of  
2 EHC's goals in regards to our work in Chula Vista,  
3 is the development of renewable energy sources  
4 that will serve to reduce our reliance on dirty  
5 fossil fuel generation, reduce carbon emissions,  
6 improve air quality, and improve energy security.

7 Such steps must be taken in order to  
8 create a new energy future that is clean and  
9 sustainable. Unfortunately, the MMC peaker  
10 expansion, or again more accurately, the new MMC  
11 power plant, does nothing to create a more  
12 sustainable energy future and curb greenhouse gas  
13 emissions, in that it does not include any  
14 commitments to implement renewable energy or  
15 finance energy efficiency to offset future need of  
16 this gas-fired plant.

17 It is EHC's position that all new gas-  
18 fired projects must, as part of their proposal,  
19 incorporate other energy sources in compliance  
20 with the preferred loading order. The Energy  
21 Action Plan, adopted in 2003 by the CEC and the  
22 CPUC, clearly place conventional power plants in  
23 last priority after energy efficiency, renewables  
24 and distributed generation.

25 Because this proposal does nothing to

1 add energy resources from the front of the loading  
2 order, the MMC peaker plant, the new one, is once  
3 again part of the problem, not the solution.

4 The original power plant received  
5 certification from the City of Chula Vista in  
6 2000. Since that time our understanding of the  
7 need for a more sustainable energy future has  
8 evolved. We now have a greater understanding of  
9 what causes global warming as residents of San  
10 Diego County, we recently have been reminded of  
11 what some of the effects of global warming can be.

12 Therefore, it is incumbent on new power  
13 projects to reflect what the region needs with  
14 respect to energy generation in the region.  
15 Clean, sustainable and renewable. The proposed  
16 MMC plant contains none of these.

17 Some supporters of the new power plant  
18 claim that this will remove or contribute to the  
19 removal of the reliability-must-run designation  
20 for the South Bay Power Plant. We're not so  
21 convinced.

22 A smart and prudent approach to removing  
23 RMR includes a hybrid approach merging energy  
24 efficiency, renewable energy and distributed  
25 generation with traditional fossil fuel

1 development. This particular project is  
2 insupportable because it reflects no such  
3 approach.

4 In regards to the water usage. In a  
5 region suffering from drought conditions and the  
6 need to tightly conserve our water resources, it  
7 is not reasonable for MMC to propose a power plant  
8 that could use up to 28 million gallons per year  
9 of water. MMC's own estimate is that the plant  
10 would likely use 4.2 million gallons per year on  
11 processing cooling water. This is a tremendous  
12 amount of water to use on a peaker plant.

13 Alternatives. The alternative section  
14 of the AFC is incomplete and must include a more  
15 detailed analysis of why some of the alternatives  
16 were ruled out. First, in regard to the  
17 alternative locations, none of the assessments of  
18 the alternative locations discuss proximity to  
19 communities and schools.

20 Since one of the biggest drawbacks to  
21 the siting of the proposed power plant is its  
22 proximity to homes and schools, it is reasonable  
23 to conclude that a fair review of the alternatives  
24 must include the same information. The AFC,  
25 however, does not analyze this.

1           Also in the area of alternatives, closed  
2 sections of the landfill and site in the eastern  
3 areas should have been, but were not, analyzed.  
4 These sites would be more effectively buffered  
5 from sensitive receptors.

6           While we understand that using the  
7 current infrastructure is one of the project's  
8 objectives, surely protection of public health is  
9 equally, if not more, important.

10           Finally, there's a curious statement  
11 regarding the use of SCONOx as a NOx control  
12 alternative. In the application MMC states that,  
13 quote, "Although a potentially promising  
14 technology, SCONOx has not been commercially  
15 demonstrated on a large power plant."

16           Well, this is the main argument against  
17 the use of SCONOx. However, it's confusing  
18 considering MMC's earlier description of the  
19 project is that it's consistent with a limited  
20 industrial designation. So either the new power  
21 plant is a large plant that should be viewed as  
22 such in regard to land use and siting, or it is a  
23 small plant, and thus a more detailed evaluation  
24 of the SCONOx alternative be presented.

25           So, in conclusion, after very careful

1       deliberation and study, we have come to the  
2       conclusion that this is another fossil-fuel-  
3       burning power plant in a wrong location. And it  
4       is not what the City of Chula Vista needs to  
5       create a sustainable energy future, and promotion  
6       of community health.

7               We wish to restate that we urge the CEC,  
8       the Cal-ISO, and local authorities to work  
9       together to help our region devise a comprehensive  
10      plan to meet our energy needs, protect our health,  
11      secure our energy future, reduce our carbon  
12      emissions and remove the RMR from the South Bay  
13      Power Plant.

14             We stand ready to help achieve the goal  
15      in any way we can. However, in this case, the  
16      problems with siting, land use designation,  
17      general plan policies, potential air emissions,  
18      lack of renewable energy and inadequate  
19      information regarding alternatives makes this  
20      project unsatisfactory for the City and the  
21      region, as a whole.

22             And therefore, EHC must oppose this  
23      project. And we are planning to petition to  
24      intervene. Thank you.

25             HEARING OFFICER RENAUD: Thank you very

1 much for your comments. My next card is from  
2 Theresa Acerro.

3 MS. ACERRO: My name is Theresa Acerro  
4 and I'm the President of the Southwest Chula Vista  
5 Civic Association. And we organized to be a  
6 structured association for the residents, property  
7 owners and business owners of the under-  
8 represented southwestern region, and to provide  
9 them with more representation.

10 As a result of that, when this project  
11 came up I have been, and other people have been,  
12 also, walking around the neighborhoods that are  
13 adjacent to this proposed project and talking to  
14 people.

15 And I know people perhaps have not given  
16 noise complaints, but they have certainly told me  
17 that they have noise complaints and that they do  
18 hear the existing plant. I've suggested that they  
19 call the number that we had on the flyer about it.  
20 But the problem is they don't have a place to  
21 complain is what I think has happened over the  
22 years.

23 Also, we have circulated a petition that  
24 is very simple. The proposed new peaker power  
25 plant must be located somewhere further away from

1 residents and schools. It's not that anybody's  
2 opposed to perhaps having a peaker plant somewhere  
3 in San Diego to help with the energy production.  
4 It's that this location is totally unacceptable.

5 And I will say that of these 260  
6 different people who put their names to this  
7 petition, we have talked to everybody, all 55 of  
8 those people who live closest to the plant, all 55  
9 of those families that live closest to the  
10 existing plant over there off of Del Monte. And  
11 every single one of them is totally opposed to  
12 this. Some of them are having nightmares about  
13 this, in fact.

14 And I'm going to give this to you. I  
15 just made one copy of this petition at this point.  
16 And I will tell you that we are continuing to  
17 collect signatures. We'll get more. And these  
18 are the people who live closest and also work  
19 closest to this project.

20 Now, I would like to start by  
21 referencing a statement that the City of Chula  
22 Vista made in regards to the Larkspur plant that  
23 probably casts doubt on the need for another  
24 peaker at all in this area. But it is needed --  
25 but if it is needed to get rid of the South Bay

1 plant then it needs to be located in a place  
2 further away from residents and schools.

3 This seems like a real simple concept  
4 and almost a no-brainer, correct? Chula Vista's  
5 demand is about 65 megawatts they said at that  
6 time. Well, if they combined existing and  
7 proposed plants generate approximately 1400  
8 megawatts. So, if we actually need a peaker,  
9 which is questionable, it needs to go somewhere  
10 else.

11 The landfill seems like a good choice.  
12 Also, either somebody in the audience here owns  
13 ten acres out in Otay Mesa, where it would be  
14 three miles away from any residential. And that  
15 would be a good choice, as well.

16 It's totally unacceptable the  
17 applicant's trying to use as mitigation for air  
18 quality problems the potential for the current  
19 plant to emit. The current plant is so  
20 inefficient and expensive to operate, no one could  
21 afford to run it for this many hours.

22 The estimated emissions of the new plant  
23 are excessive. They're excessive because there  
24 are so many sensitive receptors within 400 feet of  
25 it. Their health cannot and must not be ignored

1 by allowing the applicant to buy pollution credits  
2 or offset pollution in any way.

3 It is not clear to us what is being  
4 referred to as offset mitigation. But it's  
5 absolutely clear that under no circumstances  
6 should this or any other plant, including existing  
7 one, be allowed to emit any nonattainment  
8 pollutants and precursors this close to sensitive  
9 receptors.

10 This is a picture here of -- can you put  
11 it on the slide show and then it'll be a little  
12 bigger so people can see it -- that I made from  
13 Google Earth. With a line that measures one mile  
14 from the peaker's new location on the site. I  
15 drew the circle a mile around the site.

16 As you can see there are numerous homes  
17 within the circle, three public elementary  
18 schools, one high school, two head-starts and a  
19 pre-K. There are also two recreation centers, a  
20 health clinic, several private schools and  
21 daycares within that circle.

22 Several of the other peaker's reports  
23 had maps with one-mile circles. I am sure the  
24 staff has the resources to do a better job that I  
25 did and a more accurate job than I did. But I

1 believe staff's final report absolutely needs to  
2 have some kind of a map like this that is accurate  
3 showing just what is in one mile from this  
4 proposed peaker plant, or the existing peaker  
5 plant.

6           And we are appalled when we look at the  
7 data that's online from recently approved plants  
8 in southern California. That is this document  
9 here that you have. And I have a few more copies  
10 of it for people in the audience if they'd like  
11 them.

12           And as you see, I have here the number  
13 of megawatts, the acres, the closest school, the  
14 closest residence and what's around these plants.  
15 And this is from 2001. And, of course, everything  
16 is not online. Anything prior to 2001 is not  
17 online, so I did not have access to it.

18           But if you look at that, and I think  
19 staff does have access to this information, and I  
20 ask that they include this in their report.  
21 Looking at the plants since 2001 that are online,  
22 it is obvious this plant should never have been  
23 approved in 2001. This location is totally  
24 inappropriate for this kind of use. This is a  
25 total anomaly in the state.

1           The closest residence to any of these  
2 other peakers is 1000 feet, and that is in the  
3 City of Industry in L.A. where obviously they are  
4 very constrained. And there are over 50 homes  
5 closer to this peaker plant -- there are over 50  
6 homes closer than 1000 feet to this peaker plant.

7           If you go to the next slide it shows a  
8 1000 -- well, you can see the 1000-foot circle in  
9 the middle there. And the next slide has it  
10 enlarged, a bigger circle. It's 1500 feet, and  
11 the inner circle is 1000 feet.

12           Actually also there is, and only one  
13 peaker plant of the 14 that I was able to  
14 research, has an elementary school almost as close  
15 as the Chula Vista peaker plant at 1320 feet.  
16 And, again, it depends whether you measure from  
17 property line to property line or from the center  
18 of buildings to center of buildings. So there's  
19 some variation there.

20           But you can see the inner circle is 1000  
21 feet. And, of course, there are a lot of houses.  
22 There's not just the 55 homes that are off of Del  
23 Monte, but there are also the ones on Zenith. And  
24 a lot of, if you look at the petition, a lot of  
25 the signers live on Zenith, also.

1                   And then the other circle, the larger  
2                   circle that's 1500 feet, and you can see that the  
3                   head-start, the preschool, and the elementary  
4                   school are within that circle which appears to be  
5                   a violation of Title 5, which requires a 1500-foot  
6                   buffer for new and proposed schools. And it would  
7                   seem that it should also work in reverse, as well,  
8                   for new and proposed conflicting uses. This needs  
9                   to be examined in the staff's report, as well.

10                   Okay, now environmental justice needs to  
11                   be considered here, also. Looking at how close  
12                   these homes are to the Chula Vista peaker compared  
13                   to the others in the state, in southern  
14                   California, I can't help but wonder if perhaps the  
15                   fact that the occupants of these 50 or more homes  
16                   within 1000 feet of the Chula Vista plant are over  
17                   80 percent Latino with a few black families and a  
18                   few anglo mixed in. I think environmental justice  
19                   has to be part of the staff report, also.

20                   Sixth, I have heard that the existing  
21                   plant actually is older and dirtier technology  
22                   than what was approved. I don't know if that's  
23                   true or not, but I would like to see this  
24                   thoroughly investigated. And if that plant is,  
25                   indeed, not using what it was approved for, then I

1 think it needs to be torn down. It's been  
2 operating in a manner out of compliance with its  
3 initial approval.

4 And actually we believe should be torn  
5 down anyway and not replaced at all in the current  
6 location because it never should have been built  
7 there to start with. And the environmental  
8 justice problems were not adequately taken into  
9 account in 2001.

10 Number seven. This is a heavy  
11 industrial use in a light industrial zone, as Mr.  
12 Miras said. This is not appropriate. It was  
13 suggested apparently by somebody from staff  
14 suggested -- on the City Staff suggested, oh, they  
15 could do a precise plan modifying district and --  
16 but that is not appropriate here.

17 And I have here what the ordinance is in  
18 Chula Vista for precise plan modifying district  
19 and do I need to read this into the record for it  
20 to get in the record? Or is it enough that I gave  
21 it to you in writing?

22 HEARING OFFICER RENAUD: If you've  
23 provided us with a document it is now part of the  
24 record and you don't need to read it.

25 MS. ACERRO: Okay, okay.

1                   HEARING OFFICER RENAUD: You're welcome  
2 to, but you don't need to.

3                   MS. ACERRO: Well, it's just the  
4 ordinance. Now, and the reason that it is not, it  
5 does not comply with, in order to adopt a precise  
6 plan certain findings have to be made. And these  
7 findings cannot be made for this project.

8                   The first one is that such a plan will  
9 not, under the circumstances of the particular  
10 case, be detrimental to the health, safety or  
11 general welfare of people, persons residing or  
12 working in the vicinity, or injurious to the  
13 property or improvements in the vicinity.

14                   The proposed project potentially will be  
15 detrimental to the health, safety and general  
16 welfare of residents and workers who live and/or  
17 work within 1000 feet of it. It likely will be  
18 injurious to the property or improvements in the  
19 vicinity because it will downgrade the property  
20 values of the residents of the area, and the new  
21 more commercial type of limited industrial uses  
22 moving into the area.

23                   Those of us living on Hilltop who can  
24 see the existing plant from our homes will  
25 definitely see the 70-foot exhaust stack. And I

1 don't think that will help my property values  
2 either. I am within the, let's see, well, I'm  
3 within one mile of it. So I'm in the other.

4 According to the simulation shown at the  
5 community meeting people along Albany, and  
6 actually they are shown here, will see a tiny  
7 portion of the stacks, as well. There's a certain  
8 stigma of living this close to such an  
9 inappropriate use, as well as the negative health  
10 effects of the air contamination and a danger of  
11 the ammonia stored onsite. And this could degrade  
12 and probably has degraded property values, as well  
13 as people's health, safety and general welfare.

14 There is a particular concern for the  
15 health and safety of the 77 employees of Heartland  
16 Meat who work adjacent to this peaker. They are  
17 in and out of that facility and the parking lot  
18 all day long. This puts them in very close  
19 proximity, like 50 to 100 feet, to that 12,000  
20 gallons of aqueous ammonia stored onsite. As well  
21 as the emission from the plant and the ammonia  
22 slip and accidental spills.

23 Number two. Another finding that must  
24 be made. That said plant satisfies the principle  
25 for the application of the P modifying district as

1 set forth in Chula Vista MC 19.56.041. And if you  
2 look at the ordinance it has A, B, C or D that  
3 must, one or more must apply to this case. But  
4 actually allowing heavy industrial here will not  
5 allow -- I'm sorry, will allow an incompatible  
6 use. This proposed use is not compatible with any  
7 of the commercial light-industrial uses envisioned  
8 for these new warehouse buildings.

9 It is also totally incompatible with the  
10 residential uses within 500 feet of the property  
11 and less. Therefore, it does not satisfy the  
12 principle of the P zone, which is to allow for  
13 compatible uses.

14 Also a CUP cannot be issued either,  
15 because these findings cannot be made, either.  
16 That the proposed use of the particular location  
17 is necessary or desirable to provide a service or  
18 facility which will contribute to the general well  
19 being of the neighborhood or the community.

20 This use will not provide a user service  
21 of benefit to the southwest community,  
22 particularly not the resident that live within  
23 1000 feet of it. The electricity generated here  
24 will go into the grid. Solar collectors could  
25 generate the 65 megawatts that Chula Vista uses.

1 In fact, the two warehouses on either side of the  
2 current peaker have flat roofs. It would be  
3 perfect for large-scale solar installation such as  
4 what HP and Google have recently undertaken.

5 The amount to be invested in this new  
6 peaker plant could buy a huge amount of reliable  
7 clean solar energy. This particular location is  
8 inappropriate for any gas-fired plant. There are  
9 at least three other locations that would be much  
10 better and further away from sensitive receptors.

11 The next finding that such use will not,  
12 under the circumstances of this particular case be  
13 detrimental to the health, safety or general  
14 welfare of persons residing or working in the  
15 vicinity or injurious to property or improvements  
16 in the vicinity. Very similar to for the precise  
17 plant.

18 This use would be detrimental to the  
19 health, safety and general welfare of the people  
20 working at Heartland Meat and the residents living  
21 within 1000 feet of the peaker plant as the  
22 current facility also is detrimental, which is why  
23 it should be ordered removed.

24 There is the issue of ammonia slip.

25 There appears to be no monitoring program to

1 prevent this. There needs to be a plan made  
2 available to residents and businesses to deal with  
3 the accidental spillage of ammonia.

4 The transport of ammonia, since the tank  
5 will need refilling approximately every 220 hours,  
6 which is math I did by dividing the amount they  
7 use per hour. So if it says in the AFC said how  
8 often did it need to be filled? Two or three  
9 weeks? That adds up to a lot more than the amount  
10 of hours that they are predicting, which would  
11 make sense. Because in order to get their  
12 investment back they need to run this plant more  
13 hours than that.

14 There is the question of there needs to  
15 be a plan made available to residents and  
16 businesses to deal with accidental exposure to  
17 ammonia, the transport of ammonia, since the tank  
18 needs refilling; the route of the trucks; safety  
19 precautions. And this is, I know Mr. Miller said  
20 that there has never been an explosion of an  
21 ammonia truck in California. Well, I don't want  
22 to see the first one in my neighborhood.

23 We don't need trucks full of ammonia  
24 coming through our streets. We already have an  
25 excessive amount of truck traffic on Main Street.

1                   In fact, that brings us to cumulative  
2 effects. We have all of this truck traffic on  
3 Main Street, the heavy diesel trucks. And we also  
4 have Hanson's Aggregates down the street. And  
5 that blows, I mean there are many people who wash  
6 their cars principally because they got this white  
7 substance all over it from the particulate matter  
8 from that plant, which is actually visible. So,  
9 we don't need any more.

10                   We also need safety precautions. We  
11 need to know the consequences of an explosion or a  
12 spill. Will there be a toxic cloud of pollution  
13 generated? And actually somebody answered my  
14 question during the site visit and said that's not  
15 likely because the water mixed in with it would  
16 prevent it from leaving the site.

17                   How far would it drift? How toxic is  
18 it? What are the negative health effects of the  
19 five or more ppm that will be part of the normal  
20 exhaust of the peaker? There does not currently  
21 appear to be any steel reinforcement of this tank.  
22 While I was noticing reading on the database of  
23 the Energy Commission about other plants and many  
24 of them do have steel-reinforced tanks and have  
25 other precautions around their tanks.

1                   And in considering that there are people  
2 walking around like 50 to 100 feet from this tank,  
3 that wouldn't be a bad idea. And there's no  
4 attempt to disguise its location. There's no  
5 special security or safety precautions that I can  
6 see.

7                   And then the third one, that the  
8 granting of this conditional use will not  
9 adversely affect the general plan of the City or  
10 the adopted plan of any government agency. The  
11 general plan specifically has wording to protect  
12 the integrity of OVRP adjacent to this plant.

13                   The current plant is practically in a  
14 river bottom. Even tearing down existing plant  
15 and moving a new one to the north will still leave  
16 the view of the 70-foot-tall stacks with heat  
17 pollution waves coming out of them for most of the  
18 summer.

19                   And I know that this is what happened  
20 with the current plant when it was first built  
21 because I worked at Montgomery High School and we  
22 were out in our garden and I could always look  
23 over there in the summer and see all this heat  
24 coming up. And when I drove home past it I could  
25 see it. And it was practically every day, all

1 summer long. At least for the first year of  
2 operation.

3 Lastly, it was our understanding that  
4 this plant would be air-cooled. Okay, why is  
5 potable water being wasted on cooling it? Eighty-  
6 five acrefeet in this time of drought and shortage  
7 are excessive. Reclaimed water is available from  
8 the Otay Water Company.

9 If the new plant were located at the  
10 Otay landfill or in Otay Mesa, where -- the  
11 landfill there is a 1000-foot buffer, will always  
12 be maintained according to our general plan, it  
13 would be close enough to use the reclaimed water  
14 lines for Otay Water Company. Either those  
15 installed for Village Three at the landfill, or  
16 the ones that are in Otay Mesa.

17 There is also the possibility that the  
18 methane produced at the landfill could power the  
19 plant instead of using scarce natural gas, which  
20 was another staff issue. That actually natural  
21 gas is another constraint. This would be a real  
22 win/win situation all around. Since the landfill  
23 already has a cogeneration plant onsite, most, if  
24 not all, of the needed infrastructure is already  
25 there.

1           Several people have made inquiries to  
2 Allied Waster, and they are not opposed to this  
3 possibility.

4           Staff has already, in their potential  
5 issues report, expressed concern about pollution,  
6 land use and the nearness to Otay Valley Regional  
7 Park.

8           We would add another concern due to the  
9 adjacency to the park. It is unfortunate, but  
10 true, that paintballers and people firing air  
11 rifles illegally use the park now. This ammonia  
12 tank is way too close to a possible accidental  
13 strike.

14           Please include our environmental justice  
15 and other concerns in your future reports. Thank  
16 you.

17           HEARING OFFICER RENAUD: Thank you for  
18 your comments; and the documents you submitted  
19 will be included in the record. You mentioned  
20 some signatures. Do you want to provide those for  
21 the record?

22           MS. ACERRO: Where's the petition?  
23 Somebody has it.

24           HEARING OFFICER RENAUD: Thank you, very  
25 good. All right, the next card I have is from

1 Juan Diaz.

2 MR. DIAZ: Good afternoon,  
3 Commissioners. I'm sure MMC is taking good notes.  
4 I've been a resident of Chula Vista for 15 years  
5 and I'm in favor of the plant. We do need it.

6 As a business owner I understand the  
7 importance of keeping the lights on for my  
8 employees, customers and in support of local  
9 economy. A loss of electricity results in a loss  
10 of productivity and affects everybody.

11 Thank you.

12 HEARING OFFICER RENAUD: Thank you for  
13 your comments. I have a card from Josie Calderon.

14 MS. CALDERON: Good afternoon. I  
15 actually have a couple letters that I wanted to  
16 include into the record. I'll make reference to  
17 one and read the other because it was particularly  
18 important to that individual.

19 The first letter is from the Mexican  
20 American Business and Professional Association.  
21 They are representative of the 87 percent Latino  
22 population in the southwest. They are also one of  
23 12 organizations who supported the initial  
24 construction of the peaker project. In fact, the  
25 EHC was so gracious at that time to also help us

1 in supporting the peaker at that time as they did.

2 And I think you have a letter in that  
3 record, you have a copy of that letter, I know, in  
4 your record. And the group is also in the process  
5 of putting a more current one on the expansion.

6 The second letter that I want to refer  
7 to is from Juan Vasquez. Juan Vasquez is -- he is  
8 one of the three closest residents to the peaker,  
9 in that little cul de sac area just on the other  
10 side of the wall from the peaker.

11 And he actually was introduced to this  
12 project when he came to a recent community  
13 meeting. And he surprised me when he came earlier  
14 and he said he couldn't be here. He came during  
15 his lunch break, caught me during -- before the  
16 site tour. And asked, you know, if I would read  
17 this letter into the record. And I'll skip some  
18 of the parts, but I'll start. He says:

19 "I would like to take this opportunity  
20 to express my support for the Chula Vista Energy  
21 Upgrade project being proposed by MMC Energy, and  
22 urge the California Energy Commission to grant the  
23 project a license to upgrade its facility at Main  
24 Street.

25 "Unlike the serious noise and pollution

1 issues caused by the truck traffic in our area,  
2 this peaker has been a good quiet neighbor that,  
3 for the most part, cannot be seen and brings no  
4 additional traffic to the neighborhood.

5 "Our community has also benefitted from  
6 the much needed electrical generation produced  
7 from the peaker since 2001. We have had far fewer  
8 disruptions in electrical service.

9 "While it is my understanding that this  
10 peaker may operate up to 5 percent of the year, it  
11 is comforting to know that the peaker is there to  
12 provide essential energy during peak times and in  
13 disaster situations, such as the recent wildfires.

14 "As a resident of the area I see the  
15 installation of new technology to be used for this  
16 project as a positive step for my neighbors and  
17 the environment. The newer technology will result  
18 in the plant burning less fuel while producing  
19 more power. The reduction in emissions and the  
20 increased amount of electricity we will have  
21 available to us will provide security, at the same  
22 time further limit what is being released into the  
23 air.

24 "I encourage the CEC and the City of  
25 Chula Vista to have locally generated electricity

1 always available in case of emergencies to keep  
2 the lights on for neighborhoods, households and  
3 businesses. The CVEUP will provide us with a safe  
4 reasonable means to accomplish this goal.

5 "We need a reliable source of  
6 electricity that will meet our needs and prevent  
7 rolling blackouts. Sincerely, Juan Vasquez."

8 HEARING OFFICER RENAUD: Thank you. And  
9 if you wish that letter included we'll take it at  
10 this time. Thank you for your comments.

11 Any further public comment? Sir, please  
12 come forward.

13 MR. MIRANDA: Good afternoon. My name's  
14 Raoul Miranda. I live on Del Monte, just this  
15 neighborhood down here. Just a concerned citizen.

16 The plant is right next to, if I'm not  
17 mistaken, it's a regional park now, part of the  
18 County. What are we talking about putting the  
19 plant next to a park? And also next to -- so  
20 close to the school. We don't want, god forbid,  
21 prevent it, but environmental disaster to happen  
22 so close to the schools and to a park where  
23 they're going to have jogging trails and other  
24 stuff for the public.

25 And I just don't think it's a good idea.

1 They have another place that they have up by the  
2 landfill where there's no residential close by. I  
3 think that would be a better place to put it.

4 That's my comments.

5 HEARING OFFICER RENAUD: All right,  
6 thank you for your comments, appreciate it.  
7 Anyone else? Any other public comment? Sir.

8 MR. VALDEZ-ROMERO: My name is Rudy  
9 Valdez-Romero. I'm a resident of Chula Vista; and  
10 also I'm employed by the Chula Vista Elementary  
11 School District. And I have, I guess, dual  
12 comments.

13 As a resident of Chula Vista I welcome  
14 ways to create reliability sources for maintaining  
15 our power grid. And as an employee of the Chula  
16 Vista Elementary School District, I want to make  
17 you aware of particularly Otay Elementary. When  
18 we site new sites and with the assistance of the  
19 City of Chula Vista in developing areas we are  
20 mandated to, according to Title 5, as someone  
21 mentioned, and the rules and regulations, we have  
22 some -- and this isn't; this is the other way  
23 around. Don't know how the original project was  
24 generated and how it is within the distances. And  
25 perhaps some safety and health issues.

1                   So, you know, wish to address those  
2 concerns.

3                   HEARING OFFICER RENAUD: Thank you for  
4 your comments. Any further public comment? All  
5 right.

6                   Any final remarks by staff, applicant?  
7 Commissioner?

8                   PRESIDING MEMBER PFANNENSTIEL: No,  
9 thank you.

10                  HEARING OFFICER RENAUD: All right,  
11 hearing none, this meeting is now adjourned.  
12 Thank you.

13                  (Whereupon, at 4:11 p.m., the hearing  
14 was adjourned.)

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## CERTIFICATE OF REPORTER

I, TROY RAY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of December, 2007.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345□