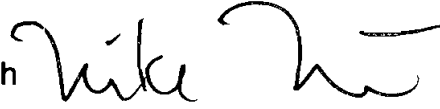


Memorandum

Date: May 2, 2008
 Telephone: (916) 654-4894

To: Chairman Jackalyn Pfannenstiel, Presiding Member
 Vice-Chairman James D. Boyd, Associate Member
 Gary Fay, Chief Hearing Officer

From: California Energy Commission - Mike Monasmith
 1516 Ninth Street
 Sacramento, CA 95814-5512
 Project Manager



DOCKET	
06-AFC-4	
DATE	MAY 02 2008
RECD.	MAY 02 2008

Subject: **SOUTHEAST REGION ENERGY CENTER (06-AFC-4) STATUS REPORT #6**

The following is staff's sixth status report on the proposed Southeast Region Energy Center (SREC), project, previously named the Vernon Power Plant project. Staff has reviewed the applicant's February 22, 2008 response to its Status Report #5 and noted their opinion on the applicability of Rule 1309.1 to this proposed project. However, air quality nonetheless remains a significant issue affecting this proceeding and progress towards publishing a Preliminary Staff Assessment (PSA).

AIR QUALITY

SREC air quality questions persist with respect to South Coast Air Quality Management District's (SCAQMD) 1309.1 rule regarding the use of Priority Reserve Credits (PRCs). Staff does not believe the applicant has demonstrated how the SREC meets 1) native load requirements, and 2) long-term contract stipulations that are both specified parameters of Rule 1309.1. Staff is uncertain about the prospects for the applicant receiving a waiver from the SCAQMD Governing Board, which is the only means by which Rule 1309.1 requirements can be waived. Another factor complicating SREC's ability to access PRCs under Rule 1309.1 is its Zone 3 Environmental Justice Area designation. Staff continues to believe that this SCAQMD designation may limit and/or preclude the applicant's access to PRCs for air quality impacts mitigation at its proposed capacity of 943 MW. Because SCAQMD has not provided staff with an expected publication date for a Preliminary Determination of Compliance (PDOC), which would address the issue of the project's conformance with Rule 1309.1, staff is uncertain when it can complete the air quality section of the PSA.

TRANSMISSION SYSTEM ENGINEERING

The applicant's informal Data Response, Set 1D, dated March 27, 2008 contained two Interconnection Facilities Re-Study Reports. Both studies (Attachments TSE-1C2 and TSE-1D) were performed by the California Independent System Operator (CAISO) and Southern California Edison (SCE) and granted final interconnection approval to the project and its capacity system increase. However, the studies' conclusions were conditioned on the expansion and reconfiguration of SCE's Laguna Bell 220kV Substation. Energy Commission staff is analyzing the potential impacts of the Laguna Bell substation expansion under CEQA as an indirect effect of the proposed project. The expansion of Laguna Bell may also require additional data requests in order for staff to fully assess its potential impact(s) on land use, visual resources and other related technical areas of review.

PROOF OF SERVICE (REVISED 1/22/08) FILED WITH
 ORIGINAL MAILED FROM SACRAMENTO ON 5/2/08 AE

WASTE MANAGEMENT

Staff continues to work with the California Department of Toxic Substances Control (DTSC) on an appropriate and feasible soil remediation clean-up work plan for this proposed power plant site. To date, complete and thorough information sought through data requests has not been forthcoming, precluding completion of this section of the PSA.

PROJECT STATUS

As stated in prior status reports, staff still believes numerous technical areas including air quality, public health and environmental justice have unresolved issues and information gaps which would result in an incomplete PSA. The applicant's March 27, 2008 informal Data Response, Set 1D, notwithstanding, staff has still not received complete responses to all data requests filed on February 5, 2007 and April 24, 2007 regarding transmission system engineering and waste management. Moreover, staff believes the applicant's April 16, 2008 Data Response Set 1A to intervener Natural Resources Defense Council (NRDC) Data Request Set 1A did not adequately answer critical air quality project questions and concerns by environmental and community-based organizations in and around the City of Vernon.

Accordingly, with the date of issuance of the PDOC by the District still undetermined and numerous project questions still outstanding, a date for filing the PSA continues to be difficult to identify. However, as always and in accordance with the Committee's direction, staff will continue to work cooperatively with the applicant and all local, state and federal agencies to resolve outstanding issues in as timely a manner as feasible.

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

**APPLICATION FOR CERTIFICATION
FOR THE VERNON POWER PLANT PROJECT
BY THE CITY OF VERNON**

**DOCKET NO. 06-AFC-4
PROOF OF SERVICE LIST
(REVISED 1/22/2008)**

INSTRUCTIONS: All parties shall (1) file a printed, original signed document plus 12 copies OR file one original signed document and e-mail the document to the Docket address below, AND (2) all parties shall also send a printed OR electronic copy of the document, plus a proof of service declaration, to each of the entities and individuals on the proof of service list:

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DECLARATION OF SERVICE

I, April Albright, deposited copies of the attached Southeast Region Energy Center (06-AFC-4) Status Report #6 in the United States mail on May 2, 2008, at Sacramento, California with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.



April Albright