



Reasonable Balance

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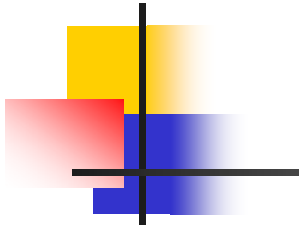


The Balance



Energy Needs
of the Basin

Air Quality Needs
of the Basin



Southland Air Quality Officials Join Regional Agency in Declaring Air Pollution State of Emergency

May 4, 2007

Citing a public health crisis caused by Southern California's severe air pollution, the South Coast Air Quality Management District today called upon the President and the Governor to declare a state of emergency to address the problem.

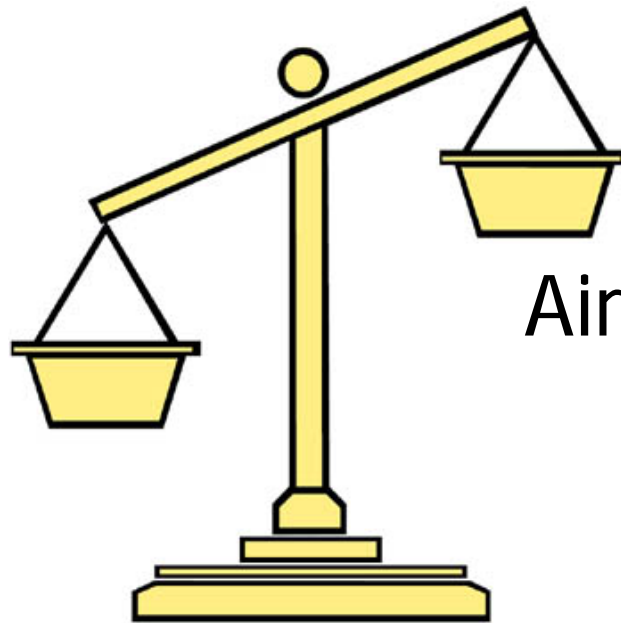
"Air pollution is responsible for thousands of premature deaths each year in the Southland - more than the number of fatalities resulting from Hurricane Katrina," said Dennis Yates, AQMD Governing Board Member and Mayor of Chino.

"We are asking President Bush and Gov. Schwarzenegger to declare a state of emergency to provide us with additional tools to accelerate the cleanup of the region's air pollution and to reduce its serious health toll."

AQMD's action follows the unanimous adoption yesterday of a resolution by the Southern California Association of Governments calling on the Governor and the President to declare a state of emergency to address the region's air quality, considered the worst in the nation.

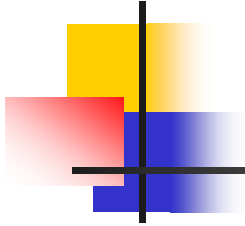
A recent analysis by the California Air Resources Board showed that fine particulate (PM2.5) pollution in the South Coast Air Basin is responsible annually for 5,400 premature deaths, 2,400 hospitalizations and 980,000 lost work days. The analysis was based on 1999-2000 air pollution levels. Southland residents bear 82 percent of the statewide burden and 52 percent of the national burden of unhealthy levels of particulate pollution on a population-weighted exposure basis.

The Balance these Rules Strike



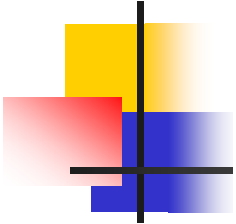
Air Quality Needs
of the Basin

Energy Needs
of the Basin



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- Staff's support for these two Rules is based upon 2 unsupported assertions
 - Immediate action by this Board is necessary to avoid blackouts and brownouts in the South Coast Basin
 - The air quality impacts of not building these facilities is worse than those of building them





Further, new generation capacity is needed to meet increasing electricity demand for the following additional reasons⁷:

- Electricity demand on July 24, 2006 was 4,800 MW higher statewide than 2005's all-time high.
- CAISO believes a minimum of 9,000 MW must be located within the Los Angeles local reliability area to assure system stability.

Elect

In order to avoid the type of energy crisis California experienced during years 2000 and 2001, it is critical to increase future energy production to meet the increasing demand and provide supply reliability. Large thermal power plants built recently in California are fueled by natural gas because natural gas is considered BACT for all pollutants and is more cost effective compared to other fossil-fueled generation technology.

In-District EGFs

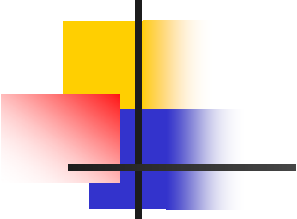
Power plants, including "peaker" plants, are currently being proposed to be constructed in southern California totaling a maximum additional production of approximately 5,000 megawatts (MW) of electricity. In order to process the permits for the equipment needed to operate these projects, emission offsets will be necessary in accordance with the requirements of SCAQMD's Rule 1303 or Rule 2005 (NSR for RECLAIM sources).

Table 2-3 shows the currently proposed in-district EGFs based on information currently available to the SCAQMD staff that may take advantage of accessing the Priority Reserve, their proposed locations, project capacities and estimated PM10, SOx, and CO emissions if operating at permitted capacity. Table 2-3 also shows the projected amount of emissions from 5,000 MW that would need to be offset to comply with NSR offset requirements before permits be noted that the amount of offset is based on the maximum by the air quality permit. The annual average operation is 35 percent), especially for "peaker" plants.

⁷ Edison Mission Energy (Thomas McCabe Jr, April 2007)

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Mohsen Nazemi <MNazemi1@aqmd.gov> wrote:



Subject: Electricity Demand Outlook
Date: Thu, 12 Jul 2007 14:07:45 -0700
From: "Mohsen Nazemi" <MNazemi1@aqmd.gov>
To: <bfazeli@yahoo.com>
CC: "Barry Wallerstein" <BWallerstein@aqmd.gov>,
"Carol Coy" <CCoy@aqmd.gov>,
"Laki Tisopulos" <LTisopulos@aqmd.gov>,
"Larry Bowen" <LBowen1@aqmd.gov>,
"Mike Mills" <MMills@aqmd.gov>

Hi Bahram. As per our telephone conversation this hour, please find attached the CEC's projection for the 5 year demand outlook through 2010. Line 19 of the Table shows that under adverse weather conditions, in order to avoid electrical emergencies there is a need for 2,342 MW of additional resources by 2010. This number assumes that all of the customers who have signed into Demand Response and Interruptible Agreements with local utility (a total of almost 1,300 MWs) will actually take their load off the grid when requested by utility. If this is not the case, then the amount of MWs needed to prevent electrical emergencies under adverse weather conditions will be greater than 2,342 MWs by 2010.

You can also access this information from CEC's web-site at http://www.energy.ca.gov/2006_summer_outlook/documents/ Under "June 30, 2006 Revised Summer 2006 Demand and Five Year Outlook" document.

Hope this is helpful. I will talk to you at 2:30 today. Thanks.

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CA ISO SP26 (6/29/06 Revised Demand) Staff Draft 5 Year Outlook

Resource Adequacy Planning Conventions	2006	2007	2008	2009	2010
1 Existing Generation ¹	21321	21848	21848	21848	21848
2 Retirements (Known)	-1,320				
3 High Probability CA Additions	1,847				
4 Net Import	10,100	10,100	10,100	10,100	10,100
5 Total Net Generation (MW)	31,948	31,948	31,948	31,948	31,948
6 1-in-2 Summer Temperature Demand (Average) ³	27,960	28,375	28,796	29,223	29,657
7 Demand Response (DR)	202	202	202	202	202
8 Interruptible/Curtailable Programs	1,087	1,087	1,087	1,087	1,087
9 Planning Reserve ⁴	18.9%	17.1%	15.4%	13.7%	12.1%
Expected Operating Conditions					
10 Outages (Average forced + planned)	-1,155	-1,155	-1,155	-1,155	-1,155
11 Zonal Transmission Limitation ⁵	-150	-150	-150	-150	-150
12 Expected Operating Generation with Outages/Limitations ⁶	30,643	30,643	30,643	30,643	30,643
13 Expected Operating Reserve Margin (1-in-2) ⁷	12.3%	10.2%	8.1%	6.1%	4.2%
Adverse Conditions					
14 High Zonal Transmission Limitation	-250	-250	-250	-250	-250
15 High Forced Outages	-560	-560	-560	-560	-560
16 Adverse Temperature Impact (1-in-10)	-1,901	-1,929	-1,958	-1,987	-2,017
17 Adverse Scenario Reserve Margin ⁷	-0.1%	-1.9%	-3.7%	-5.5%	-7.2%
18 Adverse Scenario Reserve Margin w/DR and Interruptibles ⁸	5.3%	3.4%	1.5%	-0.4%	2.2%
19 Resources needed to meet adverse 7.0% reserve (W/DR & Interruptibles)	402	876	1,358	1,846	2,342
20 Resources needed to meet adverse 5.0% reserve (W/DR & Interruptibles)	0	352	865	1,344	1,831
21 Resources needed to meet adverse 1.5% reserve (W/DR & Interruptibles)	0	0	2	465	936
22 Existing Generation Without Capacity Contracts (Information Only) ⁹	-2,070	-3,010	-5,280	-5,280	-5,280

¹ Dependable capacity by station includes 1,080 MW of stations located South of Miguel.

² 2008 estimate of the following Net Imports: DC imports 2,000 MW, SW imports 4,100 MW, Imports from NP26 3,000 MW, 1 ADWP Control Area imports 1,000 MW. Imports with own reserves highlighted in bold.

³ Based on preliminary 2007 Demand Forecast for Resource Adequacy Proceedings.

⁴ Planning Reserve calculation ((Total Generation+Demand Response+Interruptibles)/Normal Demand)-1.

⁵ Based on CA ISO data.

⁶ Does not include Demand Response/Interruptible Programs due to Reserve Margins in excess of 5% (Stage 2).

⁷ Operating Reserve calculation ((Operating Generation-Imports with Reserves)/(Demand-Imports with Reserves))-1. See Footnote 2.


⁸ Demand Response and Interruptibles added to Operating Generation in Reserve Margin formula from Footnote 7.

⁹ Capacity is included in Line 1 and represents plants identified in 2004 CEC Staff Draft Report 100-04-005D Resource, Reliability and Environmental Concerns of Aging Power Plant Operations and Retirements

8/30/2008



The Proposal

- Staff's support for these two Rules is based upon 2 unsupportable statements
 - Immediate action by this Board is necessary to avoid blackouts and brownouts in the South Coast Basin
 - The air quality impacts of not building these facilities is worse than that of building them
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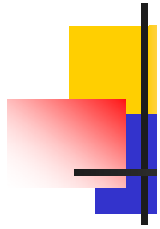


TABLE 4-2

Estimated Emission Credits to be Withdrawn from Priority Reserve 4 - 10

	PM10 (lbs/day)	SOx (lbs/day)	VOC (lbs/day)	CO (lbs/day)	NOx (lbs/day)
In-District EGFs (5,000 MW projects)	4,419	364	--	4,997	---
Downwind EGFs	--	--	<5,000	--	---
EPRS	198	1,121	--	473	---
Biosolids projects (present to 2010)	43 40	--	980 904	224 207	44 41
Biosolids projects (2010 to 2020)	<u>24 22</u>	--	<u>532 491</u>	<u>122 113</u>	<u>24 22</u>
TOTAL (before 2010)	4,660 4,657	1,485	5,980 5,904	5,694 5,677	44 41
TOTAL (after 2010)					
CEQA Operational Significance Thresholds (lbs/day)					
Significant?					

TABLE 1: Estimated Emissions from Priority Reserve⁶

	Estimated Emission Credits to be Withdrawn from Priority Reserve	Total Emissions Projected To Be Released During A Calendar Year
PM10	4,657 lbs/day	1,699,805 lbs/year
SOx	1,485 lbs/day	542,025 lbs/year
CO	5,677 lbs/day	2,072,105 lbs/year



GHG Impacts

Because there are known CO₂ emissions from the operation of EGFs and a reliable emission factor to calculate CO₂ emissions from EGFs, this analysis estimated the CO₂ emissions projected by the known facilities eligible to access the Priority Reserve as a result of the proposed project. If sited, constructed and operated at the projected operating levels, the CO₂ emissions from each facility's turbines can be calculated. Total annual CO₂ emissions are 35.4 billion pounds from all the known

affected EGFs. The California GHG inventory (see Table 3-3 in Chapter 3) lists the total CO₂ emissions as 335 million metric tons (737 billion pounds). Thus, CO₂ emissions from all the projects amount to approximately five percent of California's current CO₂ inventory. The affected facilities and the individual turbine emissions are summarized in Table 5-3.





Health Impacts

5 - 14

In addition, the SCAQMD has prepared an estimation of the health effects from PM emissions from a plant proposed to be constructed in the City of Vernon, which is the currently the largest of the proposed facilities :



5 - 15

analyzing future projects. Based on this methodology, the SCAQMD estimates that

there may be an increase in annual adult mortality from the Vernon plant of 3.82 persons in the area that would be typically modeled as part of the preparation of a health risk assessment.



What Are We Avoiding?

5 - 15

For example, SCAQMD staff concluded that during a typical rolling blackout, daily emissions from diesel internal combustion engines increased by the following amounts: 10.6 pounds of PM10 emissions; 514 pounds of NOx emissions; 111 pounds of CO emissions; 7.7 pounds of SOx emissions; and 41 pounds of VOC emissions (Final EA for PAR 1470; February 17, 2005, SCAQMD NO. 050118MK).

The Megawatt Hour comparison offered by staff is not compelling since clearly they run so few hours, even in an emergency, the overall emissions impact is very, very small





Our request

- Adopt Rule 1315 without the credit generation sections
- Direct staff to engage in a expedited and focused stakeholder process--that includes independent energy experts & relevant state energy agencies--to determine the Basin's true energy needs and develop a targeted Rule that allows those needs to be met

