



## The Carlsbad Energy Center Project

- The Carlsbad Energy Center Project replaces the Encina Power Station's existing units 1, 2 and 3 with the more energy efficient and lower profile Carlsbad Energy Center.
- By phasing out the existing power plant, the City of Carlsbad eventually will be able to meet its redevelopment goal of using the 65 coastal acres of the site for community and commercial development.
- The substantially smaller Carlsbad Energy Center will be concealed by foliage and terrain west of the I-5 Freeway. By using a location which is approximately 30 feet below grade, visual impacts that often accompany power plants are significantly reduced.

## Preliminary Staff Assessment Workshop

1. Date: Wednesday, January 7, 2008  
Time: 10:00 a.m. - 7:00 p.m.
2. Date: Thursday, January 8, 2008  
Time: 11:00 a.m. - 5:00 p.m.

Place: Sheraton Carlsbad Resort  
Sunset B  
5480 Grand Pacific Drive  
Carlsbad

For more information: (760) 408-9833

Happy New Year!

Since our last newsletter the California Energy Commission released the Preliminary Staff Assessment (PSA) which evaluates the Application for Certification for the Carlsbad Energy Center Project (CECP). In the PSA, Staff concluded the CECP can be permitted at the existing site because it would reduce environmental impacts and costs while meeting the region's need for new, highly efficient, reliable electrical generating resources. The PSA also raised three technical issues that need further refinement. We have detailed these issues for you in this newsletter. Once these issues are resolved, we anticipate that the CECP will comply with all applicable laws, ordinances, regulations, and standards (LORS).

The immediate next step in our process is a public workshop that is scheduled for January 7th and January 8th at the Sheraton Carlsbad Resort & Spa, Sunset B Room, 5480 Grand Pacific Drive in Carlsbad. After a minimum 30-day public comment period on the PSA, staff will issue its testimony in the form of a Final Staff Assessment (FSA) to be released in March, 2009. We hope you will be able to join us for some or all of the workshop.

In addition, support for the Carlsbad Energy Center Project continues to increase. In addition to growing community support, the CECP has been received positively in newspaper articles and Letters to the Editor. *The San Diego Union Tribune* published an objective editorial recognizing the importance of the CECP. The August 25, 2008 editorial reads in part:

"Since there are few unobjectionable sites for power plants, finding suitable sites is fraught with hazards. For this region, the hazard is not finding enough sites to generate reliable power."

"NRG Energy has found its optimum site for replacing its Encina plant ... The new site for the plant is company-owned property east and south of the lagoon, between railroad tracks and Interstate 5, a parcel suited to industrial use and not much else. The profile of the new plant and its two smokestacks, called the Carlsbad Energy Center, would be far less intrusive. And the power generation would be state-of-the-art."

"If the California Energy Commission approves the plan, NRG can begin phasing out the old plant, which must be kept in running condition at least until the new plant begins generation, and thereafter only if California's Independent System Operator approves."

It is clear that as the benefits of the project are known, members of the community are recognizing that our plan is good for Carlsbad. Please contact us if you would like to join our expanding list of supporters or if you would like to arrange an informational briefing with us.

Wishing you and yours a happy and healthy new year,

Steve Hoffmann  
Regional President, NRG Energy Inc.

## Preliminary Staff Assessment

In the PSA, the California Energy Commission (CEC) staff concluded that there are three technical issues that need further refinement. The three issues concern air quality impacts, visual resources and biological resources. As noted in the PSA, CEC staff is of the opinion that these three technical issues can be resolved.

### Air Quality

California Energy Commission Staff has asked NRG to secure additional Nitrogen Oxide (NOx) air credits, which limit emissions. Due to San Diego County Air Pollution Control District's requirements, NRG already was prepared to secure additional credits. Staff also states that a rationale of certain NOx concentration limits must be determined before it can endorse them as acceptable.

"Once these issues are resolved staff anticipates that the Carlsbad Energy Center Project should comply with all applicable laws, ordinances, regulations, and standards (LORS) and should not result in significant air quality impacts provided the recommended conditions of certification are adopted by the Commission and implemented by the project owner." (PSA p 4.1-1)

### Visual Resources

With CEC staff-recommended conditions of certification, the Carlsbad Energy Project would not introduce an adverse "aesthetic" impact as described in the Guidelines for Implementation of the California Environmental Quality Act. The project would also comply with applicable laws, ordinances, regulations, and standards pertaining to aesthetics or preservation and protection of sensitive visual resources. In general, the CECP site is well screened from its surroundings by a landscaped earthen berm and associated tall tree screening. Staff is concerned that a potentially significant cumulative visual impact may be created as a result of the future I-5 widening and "believes that Caltrans should plan and properly mitigate for the I-5 widening accordingly." (PSA p 4.12-27)

### Biological Resources

The Carlsbad Energy Project eliminates the daily need for ocean cooling and its associated fish impingement and biological impacts. Such a significant environmental benefit to the project does not, however, eliminate the need for some water usage at the facility. As a result of the City of Carlsbad's reluctance to provide requested wastewater to the project, NRG has proposed a small ocean water purification system to provide water for the operation of the project.

The potential biological issue noted by Staff is related to the impingement and entrainment of adult fish and fish larva as seawater is used to make high quality industrial water for CECP through an ocean water purification system.

The seawater for the CECP ocean water purification system will be taken from the existing Encina Power Station seawater intake and discharge system, so there will be no new intake of seawater for CECP. The U.S. Fish and Wildlife Service and the California Department of Fish and Game have determined that the current seawater intake and discharge of 225 MGD to support Units 1, 2 and 3 do not result in a significant impact to marine organisms, therefore it is clear that CECP's significant reduction in the volume seawater will cause very little risk to marine organisms or the overall population of marine organisms.

CECP will be discussing the matter with CEC staff and with the staff of U.S. Fish and Wildlife Service and California Department of Fish and Game, and expect that no additional mitigation will be required and that it will be in conformance with applicable LORS.

## What the Experts are Saying....

### 1 Benefits of Carlsbad Energy Center Project - as noted by the California Energy Commission Preliminary Staff Assessment (PSA)

- Facilitates the retirement of existing Encina Power Station (EPS) Units 1 through 3.
- Utilizes existing EPS infrastructure to reduce environmental impacts and costs.
- Eliminates the daily need for...ocean water cooling and its associated fish impingement and biological impacts.
- Meets the need for new, highly efficient, reliable electrical generating resources located in the load center of the San Diego region by modernizing existing aging electrical generation infrastructure in north coastal San Diego County.
- Accomplishes a brownfield (land that has already been developed as an industrial use) redevelopment of an existing power plant for a net increase in electrical capacity.

### 2 Land Use - as noted by the PSA

- CECP is consistent with the applicable laws, ordinances, regulations, and standards (LORS) pertaining to State and local land use planning and would not generate a significant impact under the California Environmental Quality Act (CEQA).
- CECP is consistent with applicable sections of the Warren-Alquist Act regarding public use.
- CECP is not incompatible with existing on-site or nearby uses, as it is consistent with the general character of these existing permitted uses.

### 3 Alternatives - as noted by the PSA

- The alternative sites would not reduce or avoid all potentially significant impacts of the proposed project.
- The alternative technologies could not achieve most of the project objectives and would likewise not substantially lessen or avoid environmental impacts.
- The "no project" alternative is not superior to the proposed project.

### 4 Preliminary Determination of Compliance - San Diego County Air Pollution Control District

Last month, the San Diego County Air Pollution Control District made a preliminary determination that CECP will comply with the District's rules and regulations and that an Authority to Construct and Permit to Operate can be issued at the appropriate time for the Project. The District performed an evaluation of the air pollution impacts of the CECP and declared that the equipment is expected to operate in compliance with all applicable District Rules and Regulations and all applicable Federal requirements. The CECP's permit incorporates conditions necessary to ensure compliance with all Federal and District requirements.



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## Breaking News Backup Fuel Oil Eliminated

NRG West and CECP recently won the right to eliminate the continued requirement for storage and use of heavy bunker oil as an alternative source of fuel for running our power plant. Effective January 1, 2009, NRG is no longer required to maintain heavy oil as a backup fuel. The elimination of heavy oil will help achieve major environmental and community improvement in air quality, oil vapor odors and oil spill potential from tanks and periodic oil shipments, since the facility will now only operate with clean natural gas.

*For additional information, photos and renderings, please visit us at: [www.carlsbadenergycenter.com](http://www.carlsbadenergycenter.com)  
[Jesus.Arredondo@nrgenergy.com](mailto:Jesus.Arredondo@nrgenergy.com) or call (760) 408-9833.*