

CALIFORNIA ENERGY COMMISSION

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

In the Matter of:

**MIDWAY SUNSET COGENERATION
PROJECT**

**MIDWAY SUNSET COGENERATION
COMPANY**

Docket No. 85-AFC-3C

Order No. 16-0614-1(x)

**ORDER APPROVING a Petition to Transfer
Ownership of the Remaining Portion of
Existing Steam Distribution Line**

On April 12, 2016, the Midway Sunset Cogeneration Company, LLC (MSCC) filed a petition with the California Energy Commission requesting to allow the divestiture of the remaining portion of the existing steam distribution line at the Midway Sunset Cogeneration project. Aera Energy, LLC (Aera), the steam host, is currently 50% partner in MSCC. Aera already owns half of the distribution line and will purchase and maintain the remaining interest in the main steam distribution line. A statement describing the change in ownership, signed under penalty of perjury by a representative of Aera, was submitted as required by Title 20, California Code of Regulations, section 1769(b).

The Energy Commission's license included approval of the construction of a steam distribution system, which was considered appurtenant to the power plant itself and thus a part of the project. Over the past 26 years of operation, oil production and, subsequently, steam demand has declined. The original system was designed for steam produced from three combustion turbine generators (CTGs), and steam production from one CTG is not enough to maintain the required pressure, temperature, and quality at distant injection wells. To maintain pressure and quality throughout the distribution system at reduced flow rates in October 2014, with the Energy Commission's approval, MSCC removed from service approximately 9,000 feet of the steam distribution system, isolating the furthest portion of the distribution system. Aera purchased the remaining interest in the abandoned line from MSCC for use in their local steam distribution.

Aera is predicting that, by the year 2020, the steam demand will not be enough to maintain the operation of the last MSCC cogeneration unit. Aera will then operate small steam generators connected to their own steam distribution system. Portions of MSCC's main steam distribution line will be integral to Aera's distribution system. As such, Aera has offered to purchase and maintain the remaining portion of the main steam

distribution line. After MSCC steam production ends, the steam line would be for the sole purpose of the steam host.

STAFF RECOMMENDATION

Energy Commission staff reviewed the petition, finds that it complies with the requirements of Title 20, section 1769 (b) of the California Code of Regulations, and recommends approval of MSCC's petition to divest a portion of the existing steam distribution system.

CONCLUSION AND ORDER

The Energy Commission hereby adopts staff's recommendations and approves the transfer of ownership of the remaining portion of the steam distribution system for the Midway Sunset Cogeneration project.

IT IS SO ORDERED.

CERTIFICATION

The undersigned Secretariat to the Commission does hereby certify that the foregoing is a full, true, and correct copy of an Order duly and regularly adopted at a meeting of the California Energy Commission held on June 14, 2016.

AYE:

NAY:

ABSENT:

ABSTAIN:

Cody Goldthrite,
Secretariat