STATE OF CALIFORNIA—THE RESOURCES AGENCY ARNOLD SCHWARZENEGGER, *GOVERNOR*

CALIFORNIA COASTAL COMMISSION

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October 16, 2007

B.B. Blevins, Executive Director
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

RE: Coastal Commission review of projects subject to the Energy Commission's Application For Certification

VIA FACSIMILE: (916) 654-4420

Dear Mr. Blevins:

As you know, staff of the Coastal Commission and Energy Commission have worked together over the past several years on a number of proposed power plant projects. Both the Warren-Alquist Act and the Coastal Act provide that the Coastal Commission play a key role in the Energy Commission's Application For Certification (AFC) process for projects proposed along California's coast.[1] The main purpose of the Coastal Commission's involvement is to ensure those projects conform to Coastal Act policies meant to protect coastal resources. Additionally, staff of the two Commissions worked to strengthen their relationship during these AFC reviews by developing in 2005 a Memorandum of Agreement that further specified how these reviews were to be implemented.

We have recently determined, however, that Coastal Commission staff's substantial workload and limited resources prevent us from participating in the AFC reviews currently before the Energy Commission, including the Humboldt Bay Repowering Project (06-AFC-7), the Encina Replacement Project (07-AFC-6), and the South Bay Replacement Project (04-AFC-3). We will also be unable to participate in the Energy Commission's review of a proposed amendment to the El Segundo Power Redevelopment Project (00-AFC-14c). As a result, we will not be developing the reports required for these proposals pursuant to Coastal Act Section 30413(d).

We note that all the projects listed above are proposing to end the environmentally destructive use of seawater for once-through cooling and instead employ dry cooling technology, which the Coastal Commission has strongly supported during past power plant reviews. This move away from once-through cooling removes what has been the single most contentious and environmentally damaging aspect of past project proposals. It also reduces the Coastal Commission's concerns about the type and scale of impacts associated with these proposed projects and about the ability of these projects to conform to Coastal Act provisions.

[1] The roles of the Energy Commission and Coastal Commission in these AFC proceedings are described respectively in Warren-Alquist Act Section 25500 *et seq.* and Coastal Act Section 30413(d).

Although each of these proposed projects have the potential to cause other types of adverse effects to coastal resources, we trust that the Energy Commission staff will continue to thoroughly review these projects as it has done in past AFC proceedings and we hope they can incorporate some aspects of Coastal Act conformity into their review.

While we will not be able to participate in your review of these current AFC proceedings, we look forward to re-starting our review obligations as soon as our resources allow. We will keep you informed as our workload and resources change. Thank you for your understanding of our decision, and please let me know if you have any questions about this issue.

Sincerely,

Peter McDouglas
Executive Director

Cc: Resources Agency – Secretary Mike Chrisman
Coastal Commissioners