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Sent: 4/13/2010 10:40:02 AM
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Bcc:
Subject: CEC staff recommendation for the Genesis Solar Project & status

Sean, Paul, and Julie:

I wanted to provide you with a short summary of the CEC Staff recommendation for the Genesis solar project that was issued on March 26th. Since the water situation is coming into focus at the CEC, I wanted to keep you updated given the two tiered pricing structure in the Genesis contract pending approval. The CEC recommendation is to allow wet cooling, but the mitigation is so costly that dry cooling is likely the more economic option, although we are still evaluating and working through the CEC process. With regard to timing, the process is on track for a permit in December 2010.

Please let me know if you have any questions or would like to discuss further.

Warm regards,

Kerry

Project Genesis Staff Assessment/Draft EIS Summary

- The Genesis Staff Assessment/Draft EIS was issued March 26th, 2010.
- Three alternatives were evaluated by the CEC: Dry Cooling, Reduced Acreage (125 MW unit only) and “No Project”

- The BLM's stated preferred alternative is Dry Cooling. The federal process does allow for changes in preferred alternatives from the Draft EIS to the Final EIS based on new information or analysis that occurs in between.

- Staff found the project in compliance with state law and policy in all of the twenty-one technical areas evaluated, except Water Resources.
 - Staff states that due to the fact that Genesis is proposing to use groundwater for wet cooling, we are not in compliance with state water policy. The Staff Assessment includes a Condition of Certification that states there needs to be "actions that bring the project into compliance..." but otherwise does not describe a resolution.

 - Staff recommends 100 percent mitigation of water used for construction and operations. This is based on the assertion that GSEP impacts inflow to the Colorado River Basin. Staff allows for the purchase of CO River water rights as mitigation, but the cost to offset 100% of water use would be prohibitive. Staff allows us to provide additional groundwater modeling information to support something less than 100% mitigation, however, it is unclear if this can be done prior to permit issuance and it is uncertain if the CEC Staff will change their 100% position. Mitigation appears to be limited to cooling water use but may also be required for non-cooling water use, based on staff's final interpretation of our conflict with state water policy.

 - If CO River water rights are not purchased as mitigation, Staff recommends that dry cooling be considered as the first priority for reducing impacts to groundwater.

 - Staff evaluated dry-cooling as an alternative and concluded it was technologically and economically feasible. [The Staff Assessment does not clearly denote the criteria to pursue wet cooling over the dry cooling alternative].

 - If Wet Cooling is pursued, a variety of other water-saving activities should be implemented (Zero Liquid Discharge, hybrid cooling, purchase of water rights within

Colorado River Basing, etc.).

- Staff found that two of the twenty-one technical areas evaluated have unmitigated significant impacts based on an analysis of cumulative impacts.
 - Land Use and Visual Resources – significance finding is based on a substantially reduced scenic value of wilderness areas and recreational resources in Chuckwalla Valley and the southern California desert region caused by the combined impact of existing and reasonably foreseeable projects.
 - Due to the fact that there is no way to mitigate these impacts to less than significant, an override by the CEC Commissioners would be necessary for this project to be approved through the state permitting process. The BLM can approve a project with an unmitigatable significant impact so an override equivalent, would not be necessary for a Right-of-Way permit to be issued.
- There are Staff Assessment Public Workshops scheduled for April 19-21st, 2010 in Sacramento.
- A status conference is scheduled for April 26th, 2010

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