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9	STATE OF CALIFORNIA	
10	State Energy Resources Conservation And Development Commission	
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12		Docket No.: 01-AFC-7C
13	in the Matter of:	PETITION FOR:
14		(1) RE-OPENING OF THE ADMINISTRATIVE PROCEEDINGS;
15		(2) RE-OPENING OF THE EVIDENTIARY RECORD;
16		(3) RECONSIDERATION OF ENERGY
17	RUSSELL CITY ENERGY CENTER,	COMMISSION DECISION; AND (4) REQUEST FOR STAY
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21	DATED: October 23, 2007	RICHARD E. WINNIE, County Counsel in
22		and for the County of Alameda, State of California
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24		BRIAN E. WASHINGTON, Assistant County Coursel
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27		Andrew Messey Associate County Counsel
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ion for Reconsideration, Dockst No. 81-AFC-7C

RICHARD E. WINNIE [68048] 1 County Countel 2 Brian Washington [146807] Assistant County Counsel 3 By: Andrew Massey [240995] Associate County Counsel Office of County Counsel, County of Alemeda 1221 Oak Street, Suite 450 Oakland, California 94612 5 Telephone: (510) 272-6700 6 Attorneys for County of Alameda STATE OF CALIFORNIA 7 State Energy Resources 8 Conservation And Development Commission 9 Docket No.: 01-AFC-7C 10 In the Matter of: PETITION FOR: 11 (1) RE-OPENING OF THE ADMINISTRATIVE PROCEEDINGS; 12 (2) RE-OPENING OF THE EVIDENTIARY RECORD: 13 (3) RECONSIDERATION OF ENERGY COMMISSION DECISION: AND 14 RUSSELL CITY ENERGY CENTER. (4) REQUEST FOR STAY 15 Intervener County of Alameda hereby petitions the Commission for a stay and 16 reconsideration of the Commission's Order of September 26, 2007, in the above-referenced 17 matter, and re-opening of the administrative proceedings and evidentiary record. 18 This petition is made on the grounds articulated in the attached Memorandum of Points 19 and Authorities, and based on the pleadings and records on file in this proceeding and the 20 attached Memorandum of Points and Authorities and the Declaration of James Scrensen. 21 RICHARD E. WINNIE, County Counsel in DATED: October 23, 2007 22 and for the County of Alameda, State of California 23 BRIAN E. WASHINGTON, 24 Assistant County Counsel 25 26 Associate County County 27 Check box if continuation pages are attached. Attorneys for County of Alameda 28 (Proof of Service Must be attached)

STATE OF CALIFORNIA State Energy Resources Conservation And Development Commission

Docket No.: 01-AFC-7C

MEMORANDUM OF POINTS AND **AUTHORITIES IN SUPPORT OF** PETITION FOR:

- (1) RE-OPEN THE ADMINISTRATIVE PROCEEDINGS:
- (2) RE-OPEN THE EVIDENTIARY RECORD:
- (3) FOR RECONSIDERATION OF ENERGY COMMISSION DECISION: AND
- (4) REQUEST FOR STAY

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MEMORANDUM OF POINTS AND AUTHORITIES

Pursuant to section 1720 of the California Code of Regulations, the County of Alameda ("the County") petitions for a stay and reconsideration of the California Energy Commission's ("the Commission") "Final Decision" of September 26, 2007, approving the proposed amendment to the Russell City Energy Center ("RCEC") site plan. Through the instant petition the County also seeks to re-open the administrative proceedings and re-open the evidentiary record in this matter. The instant petition for reconsideration is supported by the attached Declaration of James Scrensen and filed along with the County's Petition to Intervene and accompanying Memorandum of Points and Authorities.

Standard for Petition for Reconsideration

Section 1720(a) provides that "(w)ithin 30 days after a decision or order is final . . . any party may petition for, reconsideration thereof." Grounds for such a petition may be based on either (1) new evidence, or (2) "an error in fact or change or error of law." Id. Furthermore. Titine petition must fully explain why the matters set forth could not have been considered during the evidentiary hearings, and their effects upon a substantive element of the decision." Id.

A. The County Will Have Standing

Section 1720(a) only permits the Commission or "any party" to file for reconsideration. At present, the County is not a party to the proceedings. To obtain standing, the County has filed a petition to intervene that accompanies the instant petition for reconsideration. Upon grant of the petition to intervene, the County will have standing to petition for reconsideration.

B. The County's Petition is Timely

The Commission issued its final decision approving an amendment to the RCEC site plan on September 26, 2007. <u>Final Commission Decision</u>, CEC-800-2007-003-CMF(October 2007) ("Final Decision"). Pursuant to 20 CCR § 1720.4, the effective date of a decision is the "the day when the decision or order is docketed, unless the order states otherwise." The Final Order in this case provides that it is effective September 26, 2007. (<u>See</u> Commission Adoption Order at 2.)

Therefore, the County has until October 26, 2007 to file a petition for reconsideration. Accordingly, the instant petition is timely filed.

II. Grounds for Reconsideration

The County contends that the Commission provided inedequate and misleading notice to County agencies from which the Commission was obligated to obtain comments, analyses and recommendations for use in making findings in support of its Final Decision. By failing to obtain the County's comments, analyses and recommendations, the Commission made fundamentally flawed findings that did not consider issues that could only have been raised by the County and its agencies.

Stmilarly, the Commission appears to have failed to provide residents of unincorporated areas of the County with adequate notice of the RCEC amendment proceedings. Public comment and participation are equally necessary to the Commission's ability to make legally sufficient findings.

The failure to provide the County and its residents with notice and the resulting flaws in the findings supporting the Commission's Final Decision rise to a level of significance that qualifies as an "error of law" requiring the Commission to re-open the administrative proceedings and evidentiary record to consider additional comments, analyses and recommendations from the County, and to inform and take comments from the public.

In addition, the Commission committed legal error by admitting into evidence without providing an opportunity for rebuttal a series of letters from the Federal Aviation Administration opining on the safety of alreadt departing the Hayward Executive Airport flying through thermal plumes generated by the RCEC. The Commission admitted this evidence that was submitted the day before the final hearing on the Presiding Member's Proposed Decision that had been continued solely to allow admission of this evidence, and subsequently relied upon the opinions expressed therein to support the Final Decision without providing parties, government agencies and the public with their right to rebut those opinions.

A. The Commission's Notice to the County Was Inadequate

Section 1714(c) of the Commission's regulations obligates it to provide notice to local agencies that would have had jurisdiction "but for the commission's exclusive authority to certify sites." 20 CCR § 1714(c).

 The Amended Site Plan Placed the RCEC Facility within the County's Jurisdiction

As the Commission's Final Decision acknowledges, at the time RCEC, LLC¹ filed its smendment application in November, 2006, the proposed new site was within the

At the time the RCEC amendment application was fied, Calpine Corporation was the corporate owner/operator of the site. The Commission approved transfer of owner-hip to RCEC, LLC in an August 1, 2007 order.

unincorporated area of Alameda County, and thus squarely within the County's jurisdiction. Final Commission Decision, at 10 n.9. Although in March, 2007, the City of Hayward annexed that portion of the land in the amended site plan located in the unincorporated area of Alameda County, the site nevertheless remains adjacent to unincorporated areas of the County and within the authority of the County Redevelopment Agency pursuant to the Mt. Eden Sub Area of the County Redevelopment Agency's Eden Redevelopment Plan.

The Commission sent its "Request for Agency Participation in the Review of the Russell City Energy Center, Application for Certification" (Docket Log No. 20718) ("Request for Agency Perticipation") to the following County agencies: Department of Agriculture/Weights and Measures, the Department of Environmental Health, the Hazardous Materials Team, Assessor, Auditor, Public Works Agency, and Sheriff. (See List No. 7078, attached as Exhibit B to the Declaration of James Scrensen.) The Mosquito Abatement District also received notice.

While the County appreciates notice to the above agencies, edequate notice would at a minimum have included notification to the County Board of Supervisors, Redevelopment Agency, Community Development Agency, the Airport Land Use Commission and the Planning Department. (See Declaration of James Scrensen at §8.) These agencies have primary responsibility over land use, transportation, community development and redevelopment in the County. Therefore, the Commission was obligated to provide notice to these agencies as they would have had primary jurisdiction but for the Commission's exclusive authority to certify sites. By falling to provide these agencies with notice, the Commission failed to meet its regulatory obligation under § 1714(c).

ii. The Commission Has Provided Relevant County Agencies Notice in the Past

The Commission has in the past provided notice to the relevant County agencies cited above on energy facility application proceedings in Alameda County, including the East Alternont Energy Center (Docket No. 01-AFC-4) and the Teela Power Plant (Docket No. 01-AFC-21). (See Declaration of James Sorensen at §3-4.) Indeed, the Proof of Service List for the Teela Power Plant proceedings lists the County Planning Department as an interested

agency. Furthermore, the Commission did provide notice on the RCEC amendment proceedings to the City of Hayward's Community and Economic Development Department, whose functions broadly corresponds to the County Community Development Agency. (See List No. 7078, attached as Exhibit B to the Declaration of James Sorensen.) Thus the Commission had no excuse for excluding these agencies from its list of interested agencies for the RCEC emendment proceedings.

ill. The Commission Knew or Should Have Known of Improper Notice to the County

The Commission's actions in this amendment proceeding indicate that it knew or should have known that it was improperly excluding Alameda County agencies with land use authority and jurisdiction from the proceedings. At a December 15, 2006 Informational Hearing and Site Visit, Hearing Officer Kramer informed the public that the distribution list for the amendment proceedings was "besically from a mailing list that was left over from the previous case." (Transcript, at 12:14-15.) The Commission should have known from its review of the amendment filings that reusing the malling list from the original RCEC siting proceedings was improper because RCEC, LLC proposed to move the facility on to land in the unincorporated area of the County. If § 1714(c) is to have any force and effect, then the Commission must exercise some differce in ansuring that the proper interested government agencies are contacted, and not simply rely a five year-old mailing list that does not reflect present circumstances.

iv. The Commission's Notice to the County Was Misleading

What notice was provided to County agencies was misleading, and would not have prompted them to respond to the Commission's request for comment. The "Request for Agency Participation," attached as Exhibit B to the Declaration of James Scrensen, sent by the Commission to County agencies on its distribution list indicates on the first page that "[tiple facility will be located in the City of Hayward " By contrast, page two of the attached "Notice of Public Informational Hearing and Site Visit," also attached as Exhibit B to the Declaration of

James Sorenson, acknowledges that the new facility will be located "partially in the unincorporated area of Alameda County."

Staff of County agencies that did receive notice reviewing the first portion of the document that was directed specifically at government agencies would have been under the take impression that County land use agencies were without jurisdiction over the new site facility because it was located entirely within the City of Hayward. (See Declaration of James Sorensen at 1717.) Thus it would not have occurred to County staff to conduct the level of review required of the proposed emended RCEC site plan. (See Id.)

v. The Commission Must Act to Correct Problems Arising from its Own Improper Notices

While the County does not allege that the Commission intentionally mislead the County, the County does contand that the Commission must bear responsibility for the resulting omission of relevant County agencies from the amendment proceedings. The Commission cannot expect County agencies to pour through every notice it receives to double-check for inconsistencies. The County must rely on the text of these notices, and when the Commission makes an error in that text, it must in good faith attempt to correct that error when it results in the exclusion of government agencies from siting proceedings.

When the County contacted the Commission to notify it of its failure to notify relevant County agencies, the Commission Ignored the County's concerns. (See Letter from Supervisor Alice Lei-Bitker, September 20, 2007 (Docket Log No. 42380); see also Letter from James Sorensen, Director, CDA, September 24, 2007, attached as Exhibit A to the Declaration of James Sorensen.) The Commission refused the County's reasonable request for a short continuance to allow County agencies and the Board of Supervisors to review the RCEC amendment proposal to determine if the County had any significant concerns. (See Id.)

B. The Commission's Findings are Fundamentally Flawed Because it Did Not Follow its Own Regulatory Process to Receive Comment from the County

Section 1714(c) not only obligates the Commission to provide notice to local agencies with jurisdiction, but in addition to "request analyses, comments, and recommendations

thereon." This provision undoubtedly serves the purpose of allowing the Commission to obtain the information necessary to make required findings under the Warren-Alquist Act (Cal. Pub. Resources Code § 25500 et seq.) and its own regulations that the proposed site plan conforms with applicable local standards, ordinances or laws, or that the public benefit of the project outweights any noncompliance. See Cal. Pub. Resources Code §§ 25523(d)(1), 25525; see also 20 CCR § 1769(a)(3)(B).

in its Final Decision on the RCEC, the Commission made findings that the amended site plan conformed with all applicable laws, ordinances, regulations and standards ("LORS"). (See Final Decision, at 42, 63, 72, 80, 112, 115, 125, 129, 136, 144, 154, 161, 168, 171-72, 176, 188, 197.) These findings are fundamentally flawed because the Commission did not follow its own regulatory procedures requiring it to seek analyses, comments and recommendations from the County and its agencies to determine if the amended RCEC site plan was indeed in compliance with the County's LORS. See 9.0. 20 CCR §§ 1714.3, 1714.5 (cuttining the procedures by which local agencies are to submit comments, analyses and recommendations, and the method by which the Commission is to consider them). By making such findings without first consulting the County, the Commission has transformed its findings into a form of guesswork in this respect, and may have burdened the County by approving a site facility that is out of compliance with County LORS.

In addition, § 1714(c) also facilitates the Commission's ability to make required findings pursuant to § 1769(a)(3)(A), which incorporates findings required pursuant to § 1755 regarding whether the owner/operator will be able to "mitigate or avoid the significant environmental effects . . ." resulting from the proposed facility. § 1755(c)(1). The County is particularly concerned about possible air quality concerns for residents of unincorporated areas of the County who may be affected by pollution from the RCEC.

Had the County been properly noticed, it would have provided essential comments and analyses on these and other environmental effects and mitigation issues necessary to the Commission's findings required under § 1769(a)(3)(A). Absent the County's participation in this regard, the Commission's findings are flawed because they are not the product of the

Commission's own regulatory process. Moreover, by failing to follow its own regulatory process in arriving at these findings, the Commission has committed legal error that requires it to revisit these issues by re-opening the administrative proceedings and evidentiary record to consider additional material from the County.

C. By Falling to Notice the County, the Commission Did Not Consider the Concerns of the County and its Residents

Beyond legal compliance, however, the § 1714(c) requirement that the Commission solicit analyses, comments and recommendations from local governments ensures that the Commission takes into account the concerns of local government agencies and the people they represent when it evaluates proposed site plans. The County and its agencies have recently become aware of community concern over the RCEC site plan's potential environmental, health and safety risks. The Commission's procedural errors have prevented the County from having enough notice and time to sufficiently examine these concerns.

Some of these concerns include:

- The impact of air pollution from the RCEC on nearby residents of unincorporated
 Alarmeda County:
- The ability of County transportation infrastructure to accommodate an evacuation should there be a hazardous discharge;
- o The potential financial impact on regional redevelopment plans;

(See Exhibit A to the Declaration of James Scrensen.)

Likewise, the policy of local government involvement underlying § 1714(c) forecloses any contention by the Commission that omitting the County from the RCEC amendment proceedings amounted to a "no harm, no foul." The Commission cannot possibly anticipate what commentary and analysis the County and its agencies would have offered to the proceedings. While the County may ultimately agree with some of the Commission's findings with regard to the above-listed issues, County agencies have not had an adequate amount of time to consider these issues in fulf. The County and the residents it represents deserve no less than a fulf

appraisal of these issues and the confidence that the Commission's approval of a new energy facility was made after a thorough evaluation of all possible evidence and analysis.

D. The Commission's Natice to the Public Was inadequate

In addition to falling to provide legally sufficient notice to the County, the Commission did not adequately inform members of the public of the RCEC amendment proceedings, and in particular residents of unincorporated areas of Alameda County immediately adjacent or downwind of the facility site. The Commission's failure to provide these residents with notice amounts to legal error as its notice efforts to the public fell far short of its obligation to ensure public participation.

The County contends that residents of communities in unincorporated areas of the County that will be affected by the RCEC deserved direct notice of the RCEC proceedings.² In addition, the Commission's distribution list does not indicate that notice was provided to any organizations or local advisory councils in the areas of Castro Valley, San Lorenzo, Ashland, Cherryland, Fairview and Hitcrest Knolls. (See List No. 7078, attached as Exhibit B to the Declaration of James Sorensen.) Without being provided with any notice, organizations and local advisory councils in this area were unable in turn to notify residents of the amendment proceedings.

In addition to inadequiriely notifying residents of the RCEC amendment proceedings, the Commission conducted an insufficient number of public hearings to allow members of the public to voice their concerns with the project. Moreover, all of the Commission's hearings were conducted in Hayward despite that the RCEC is designed to serve as a regional energy facility, and will have environmental impact beyond the City of Hayward.

² The County is uncertain to what degree notice was sent directly to residences because the County's request for distribution lists was returned with partial reductions by the Commission. (See Exhibit B to the Declaration of James Scremen.) The County's allegation is based upon numerous complaints from residents in these areas of the County expressing their frustration that they did not receive notice. (See e.g. Letter from Supervisor Alice Lei-Bitker, September 20, 2007, Docket Log No. 42380.)

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E. The Commission improperly Prohibited Parties, Government Agencies and the Public from Analyzing and Rebutting Letters from the Federal Aviation Administration

The Commission committed legal error by admitting into evidence a series of letters from the Federal Aviation Administration opining on the safety of aircraft departing the Hayward Executive Airport flying through thermal plumes generated by the RCEC without allowing the parties, interested government agencies or the public the time or opportunity to rebut the opinions contained within the letters.

The Commission's Rules of Evidence for siting proceedings are not extensive; however, they do provide that "each party shall have the right to call and examine witnesses, to introduce exhibits, to cross-examine opposing witnesses on any matters relevant to the issues in the proceeding, and to rebut evidence against such party." 20 CCR § 1212(c).

At the conclusion of the Commission Hearing on the Presiding Member's Proposed Decision in Secremento on September 12, 2007, the Commission agreed to continue the hearing to the Commission's next regular Business Meeting in Secremento on September 26, 2007, to allow the Federal Aviation Administration to submit additional evidence. (See California Energy Commission Energy Calendar for September 28, 2007, available at http://www.energy.ca.gov/cgi-pl/cal_make.pl?p1=DAY20070826.) On September 19, 2007, the Federal Aviation Administration submitted two smalls attaching a letter from the Regional Director of the Western-Pacific Region³. (See Notice of Availability of the Presiding Member's Proposed Decision, Docket Log No. 42637.) The attached letter included the opinion of the Federal Aviation Administration's Flight Standards Division opining that "the RCEC poses a risk to sircraft in the Hayward traffic pattern " (See Flight Standards Letter at 2.)

The emails and letter are available on the Commission's website at http://www.energy.ca.gov/ sitingcases/russelicity_amendment/documents/others/2007-09-18_FAA_LETTER_EMAIL.PDF (hereinefter "Flight Standards Letter").

On September 25, 2007, the Regional Director of the Western-Pecific Region sent a second letter⁴ that algorithmently modified that opinion to suggest that the risk to aircraft could be mitigated, and that the Federal Aviation Administration hoped to work with the Commission on mitigation efforts. On September 26, 2007, the Commission approved the Presiding Member's Proposed Decision as the Commission's Final Decision. (See Notice of Decision by California Energy Commission, Docket Log No. 42562.) The Commission's Final Decision relied upon the Federal Aviation Administration's opinion in the second letter of September 25, 2007 in approving the RCEC. (See Final Decision, at 3.)

These two letters were admitted at the last minute and after the final local evidentiary hearing in Hayward such that parties, interested government agencies, and the general public did not have an adequate opportunity to analyze or rebut the opinions provided therein. The Commission's actions were unfair and unnecessary, as the slight delay proposed by Alameda County would have allowed all parties, interested government agencies and the public to consider and comment upon the Federal Aviation Administration's opinions. Instead, the Commission needlessty rushed to judgment without thorough review and consideration of opposing views. In particular, the Commission should have sought out the County's Airport Land Use Commission's comments on the Federal Aviation Administration's opinions.

The Commission's legal error in admitting these two letters without allowing sufficient time and opportunity for energies and rebuttal ments reconsideration and the re-opening of the administrative proceedings and evidentiary record.

iti. The Commission Must Stay its Final Decision to Allow the County and its Residents Additional Time to Prepare for a Re-Opened Administrative Proceeding implicit in the County's arguments is the need for the Commission to stay its Final Decision to provide additional time for County agencies and the public that did not receive notice to prepare comments, analyses and recommendations for a re-opened administrative

⁴ This second letter is available on the Commission's website at http://www.energy.cs.gov/sitingcases/ russellcity_amendment/documents/others/2007-0925_RUSSELL_CITY_ENERGY_CENTER_IMPACT_ HAYWARD_EXECUTIVE_AIRPORT.PDF

 proceeding and evidentiary record. As articulated in the attached Declaration of James Sorensen, the County will suffer irreparable harm if the Commission declines to stay its Final Decision pending reconsideration.

The Commission has already improperly denied County agencies their fair opportunity to thoroughly analyze the RCEC amendment proposal and submit comments, responses and recommendations. Advanced notice to governmental agencies serves the additional purpose of allowing them to conduct studies and prepare thoughtful analyses of complex energy facility proposals.

Failing to stay the Final Decision pending reconsideration and the re-opening of administrative proceedings and the evidentiary record would once again deny County agencies the necessary time to prepare the comments, analyses and recommendations. The County requests that the length of time of the stay should at a minimum equal the amount of time afforded to other public agencies that received adequate notice in this proceeding.

DATED: October 23, 2007

RICHARD E. WINNIE, County Counsel in and for the County of Alameda, State of California

BRIAN E. WASHINGTON, Assistant County Counsel

Andrew Massey

Associate County Coungel

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