

September 18, 1998

Mr. Bruce Kaneshiro
Project Manager
Environmental Science Associates
225 Bush St.
Suite 1700
San Francisco, CA 94104

Re: Draft PG&E Environmental Impact Report

Dear Mr. Kaneshiro:

On August 5, 1998 Environmental Sciences Associates issued a Draft Environmental Impact Report ("EIR") on the proposed sale by PG&E of certain generating plants. Among the plants to be sold are the Pittsburg and Contra Costa generating facilities in Contra Costa County. In its discussion of cumulative impacts, the EIR references the Pittsburg District Energy Facility ("PDEF"), a proposed merchant generating facility to be located in Pittsburg, California. This submittal addresses assumptions and conclusions that the PDEF considers to be erroneous. PDEF requests that Environmental Sciences Associates review the comments below and revise the Environmental Impact Report to reflect these corrections. Additionally, certain corrections may require additional model runs to support any conclusions that require modeling input.

PDEF respectfully submits the following comments for your review. If you have any questions regarding these comments please do not hesitate to contact a representative of the PDEF.

Section 5.2.2, page 5-5. In the paragraph describing the PDEF, these are two misstatements:

[Begin O1]

The PDEF is not a joint venture between the City of Pittsburg, Enron and USS Posco. Enron is the developer and is solely responsible for licensing, constructing and operating the PDEF. The City of Pittsburg will share in project profits and USS Posco has agreed to purchase steam and electric energy from the PDEF.

[End O1]

[Begin O2]

Although the EIR is correct that the PDEF CEC application was filed on June 15, 1998, the CEC did not "accept" the application until July 29, 1998. The CEC has one year from July 29, 1998 to process the application.

[End O2]

[Begin O3]

Section 5.3.4, page 5-40. The first full paragraph on this page describes PDEF impacts upon water resources in the Bay-Delta. There will be no such impacts as the PDEF will not make any thermal discharges to the Bay-Delta. The PDEF will utilize cooling towers for heat rejection.

[End O3]

[Begin O4]

Section 5.3.4, page 5-41. The EIR makes certain conclusions regarding air quality impacts, apparently drawn from data on Tables G-6 and G-14. Table G-6 does not contain any PDEF data so it is assumed that the IER makes a comparison between operation without the PDEF (Table G-6) and operation with the PDEF (Table G-14). The actual values for PDEF emissions, compared with EIR values, are listed below:

<u>Table G-14</u>	<u>Actual PDEF</u>		
Nox – lb/MWH		.10	.017
lb/MMbtu		.014	.009
Sox – lb/MWH		.01	.008
lb/MMbtu		.001	.001
PM10 – lb/MWH		.05	.056
lb/MMbtu		.008	.007
CO – lb/MWH		.08	.104
lb/MMbtu		.011	.014
VOC –	lb/MWH		.033
Lb/Mmbtu			.004

To the extent that insertion of the above listed values changes the conclusions regarding air quality impacts which are contained in the EIR, PDEF requests that new computer simulations be run to accurately reflect the impacts of the PDEF.

[End O4]

If you should have any questions, please call me at 415-782-7811.

Respectfully,

/s/

Samuel L. When
Director

O. ENRON CAPITAL & TRADE RESOURCES GROUP

- O1 To reflect Enron's clarification, page 5-5 of the DEIR (first bullet, first sentence) is hereby amended as follows:

The Pittsburg District Energy Facility (PDEF) is proposed by Pittsburg District Energy, LLC (a joint venture between the City of Pittsburg, Enron, and USS-Posco Industries subsidiary of Enron Capital and Trade), and would be operated as part of an alliance agreement between Enron and the City of Pittsburg. The agreement is primarily a statement of the two parties' intention to work together.

- Page 5-5 of the DEIR (first bullet, fourth sentence) is hereby amended as follows:

The site is located on the northwest corner of the property owned by USS-Posco Industries, which has agreed to purchase steam and electric energy from the PDEF.

- O2 Page 5-5, the second to the last sentence under the first bullet is hereby amended to read:

The AFC was filed on June 15, 1998, and the CEC accepted the application on July 29, 1998.

- O3 Page 5-40 of the DEIR, the first full paragraph is hereby amended as follows:

Operation of the new plant could adversely affect water resources in the Bay-Delta. Based on the proximity of the plant to the Contra Costa and Pittsburg Power Plants, the new plant could increase the potential for ~~thermal~~ discharge impacts to marine water quality. This would be a potentially significant cumulative impact on water resources. No increase in thermal discharge is anticipated for the PDEF as it will utilize cooling towers for heat rejection of cooling water. However, any water discharges resulting from cooling-tower blowdowns, like those associated with Pittsburg Unit 7, would be subject to permitting. For these reasons, the owner of the new plant would be required to apply for an NPDES permit from the SFRWQCB prior to operation of the plant. In issuing the NPDES permit, which would establish effluent limitations for the proposed plant, the SFRWQCB would consider all of the discharge sources in the Bay-Delta, including the Contra Costa and Pittsburg Power Plants. Therefore, it is anticipated that any significant cumulative impact on water resources with respect to the inclusion of the PDEF could be mitigated to a less-than-significant level.

- O4 Using the emissions factors provided by the commenter, the emissions estimates for the PDEF in 2005 have been revised. Taking into account the revised estimates and other corrections, the first paragraph on page 5-41 of the DEIR is hereby revised as follows:

Emissions estimates have been made for cumulative scenarios with and without the new PDEF. Tables G-6 and G-14, in Attachment G of this EIR, show estimates of criteria air pollutant emissions under the 2005 Cumulative Analytical Maximum

scenario and the 2005 Variant 2 cumulative scenario, respectively. A comparison of these scenarios shows that at a regional level (which accounts for the sum of emissions from the ~~three four~~ divested fossil-fueled plants, the retirement of the Hunters Point Power Plant, the projected new 480 MW plant in San Francisco and the new PDEF), emissions of each criteria pollutant, except PM-10, would decrease with the inclusion of the new PDEF. PM-10 ~~emissions concentrations~~ are shown to increase in 2005 by an estimated ~~9 20~~ tons per year regionally with the new PDEF. However, as shown in Table 4.5-26b, as a percentage of BAAQMD-projected Bay Area regional emissions in 2005, there would be a net decrease in Bay Area power plant emissions of PM-10 and PM-10 precursors under variant 2 in 2005 compared to 1999 baseline conditions. Therefore, Bay Area power plant emissions would not contribute to the cumulative effect of increased emissions from new development in the Bay Area on regional PM-10 concentrations. ~~the change in power plant emissions of PM-10 over 1999 baseline conditions would be less than 1 percent and, therefore, would be considered a less than significant cumulative impact to regional air quality.~~

Please see response to Comment U14 for Table 4.5-26b.