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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Kristin K. Mayes, Chairman
Gary Pierce
Sandra D. Kennedy
Paul Newman
Bob Stump

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF HUALAPAI VALLEY SOLAR LLC, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES §§ 40-360.03 AND 40-360.06, FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF THE HVS PROJECT, A 340 MW PARABOLIC TROUGH CONCENTRATING SOLAR THERMAL GENERATING FACILITY AND AN ASSOCIATED GEN-TIE LINE INTERCONNECTION THE GENERATING FACILITY TO THE EXISTING MEAD-PHOENIX 500kV TRANSMISSION LINE, THE MEAD-LIBERTY 345kV TRANSMISSION LINE OR THE MOENKOPI-EL DORADO 500kV TRANSMISSION LINE.

CASE NO. 151

Docket No. L-00000NN-09-0541-00151

DECISION NO. 71957

**ORDER AMENDING
DECISION NO. 71648**

Open Meeting
October 20, 2010
Phoenix, Arizona

BY THE COMMISSION:

Upon reconsideration of Decision No. 71648 pursuant to A.R.S. § 40-252, and after due consideration of all relevant matters with notice and opportunity for all parties to be heard, the Arizona Corporation Commission ("Commission") finds and concludes that the Certificate of Environmental Compatibility ("CEC") provisionally granted in Decision No. 71648 is hereby approved as modified by this Order, and the conditional stay imposed by Decision No. 71648 is hereby lifted, all as provided for herein.

The Commission, in reaching its decision, has balanced all relevant matters in the broad public interest, including the need for an adequate, economical and reliable supply of electric power

Decision No. _____

1 with the objective of minimizing the effect thereof on the environment and ecology of this state. As
2 a result, the Commission finds that granting the Project a CEC is in the public interest as modified
3 by this Order.

4 The Commission modifies Decision No. 71648 by lifting the stay imposed by that Decision
5 and by further modifying the CEC granted by Decision No. 71648 by making the following
6 amendments to the decision:

7
8 Though we are supportive of the formation of this CEC and the resulting Concentrating
9 Solar Project ("CSP"), which will provide reliable renewable energy to Southwestern
10 consumers, we are also concerned about the amount of groundwater that could be
11 required to power the project. Although Applicant has made an effort to secure effluent
12 from the City of Kingman, Intervenor Bensusan and Bayer have made a compelling
13 argument in their testimony and cross examination of witnesses that Condition No. 4 in
14 the CEC does not provide a failsafe means of ensuring that the project will use primarily
15 effluent, rather that the project developers will make every "reasonable" effort to mitigate
16 the use of groundwater for the project. Additionally, Condition 4 only mandates the use
17 of effluent to the extent that it is made available by the City of Kingman and to the extent
18 that it can be moved by the Applicant to the project location. We believe this language
19 leaves far too much to chance. Indeed, under the existing CEC and the Applicant's own
20 estimates, the project could use up to 3,000 acre feet of groundwater per year in an area
21 that is known for its aridity and water scarcity. Intervenor Bensusan estimates the
22 groundwater withdrawals could climb much higher.

23 However, even more compelling to the Commission is the recent trend by other states
24 and federal agencies toward encouraging and even requiring dry or hybrid cooling
25 technology for thermal plants. As noted in Staff's literature review, and by Intervenor
26 Bensusan, dry cooling is a technology for thermal power plants that is currently available
27 to energy developers, and will be used by CSP developers in both Nevada and California,
28 where desert conditions led the project developers and regulators to choose the more
environmentally sensitive cooling technology. Applicants argue that the use of dry
cooling would make its project prohibitively expensive, but cite to no evidence or reason
why they would be unable to construct a plant utilizing dry or hybrid cooling technology
at a time when most similarly situated CSP plants that either have or are undergoing
siting review have chosen to move forward with this technology. Moreover, while the
Parties' estimates of price premiums associated with dry or hybrid cooling vary, the range
of price premiums associated with this technology would appear to be within 3 and 8
percent, an amount we believe is a reasonable tradeoff for the conservation of Mohave
County's groundwater supplies. Additionally, we note that Applicant has not yet signed
a Power Purchase Agreement with a utility, which will allow the Applicant to
prospectively price the HVS energy product in a way that is inclusive of the slightly more
expensive dry or hybrid cooling technology.

1 For the reasons cited above, the Commission modifies Decision No. 71648 by deleting
2 Condition No. 4, and by inserting the following new condition:

- 3 4. The Applicant shall utilize all available effluent supplies from the City of
4 Kingman from its Hilltop Wastewater Treatment Plant ("WWTP"), and to the
5 degree that Applicant is unable to procure enough effluent for operation of the
6 entire HVS project, Applicant should utilize dry or hybrid cooling technology
7 in the construction of its facilities as a condition of receiving this CEC. The
8 Applicant cannot operate the plant using groundwater for cooling. If the
9 Applicant determines that not enough effluent will be available for the
10 operation of the plant without using groundwater, it may proceed with
11 construction of the plant using dry or hybrid cooling technology.

12 Upon reconsideration of Decision No. 71648, and upon balancing the broad public interest in
13 this matter, the Commission further finds and concludes that:

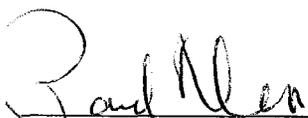
- 14 1. The Project is in the public interest because it aids the state in meeting the need for an
15 adequate, economical, and reliable supply of electric power.
- 16 2. In balancing the need for the Project with its effect on the environment and ecology of
17 the state, the conditions placed on the CEC, as modified by the Commission,
18 effectively minimize its impact on the environment and ecology of the state.
- 19 3. The conditions placed on the CEC, as modified by the Commission, resolve matters
20 raised during the course of the proceedings concerning the need for the Project and its
21 impact on the environment and ecology of the state; as such, they serve as the findings
22 on the matters raised.
- 23 4. In light of these conditions, the balancing in the broad public interest results in favor
24 of granting the CEC as modified by the Commission, and lifting the stay imposed by
25 Decision No. 71648.
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1 **IT IS THEREFORE ORDERED THAT THE STAY IMPOSED BY DECISION**
2 **NO. 71648 IS LIFTED, AND THE CEC IS APPROVED AS MODIFIED.**
3

4 **BY ORDER OF THE**
5 **ARIZONA CORPORATION COMMISSION**

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7 
8 _____
9 **CHAIRMAN**

COMMISSIONER

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11 _____
12 **COMMISSIONER**



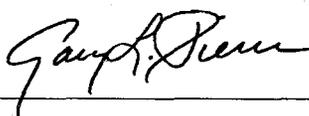
COMMISSIONER



COMMISSIONER

13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capital, in the City of Phoenix,
17 this 15th day of November 2010.

18 
19 _____
20 **ERNEST G. JOHNSON**
21 Executive Director

22
23 **DISSENT:**  _____

24
25 **DISSENT:** _____