

## **APPENDIX F**

### **North Baja Pipeline Submittal to FERC Regarding Natural Gas Demand**



**PG&E National  
Energy Group**

North Baja Pipeline  
North Baja Pipeline, LLC

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FEDERAL ENERGY  
REGULATORY COMMISSION

November 13, 2001

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**INFORMATION HAS BEEN REMOVED  
FOR PRIVILEGED TREATMENT**

David P. Boergers, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: *North Baja Pipeline, LLC*, Docket Nos. CP01-22-000 and CP01-23-000

Dear Mr. Boergers:

North Baja Pipeline, LLC ("North Baja") hereby submits for filing its Responses to DEIS/DEIR Conditions 10, 11, 15, 17, 18 and 19. North Baja also submits certain supplemental information concerning the East Side Alternative, the Spill Prevention, Containment and Control Plan and Air Quality regarding emissions from Mexican plants.

Certain of the Responses to DEIS/DEIR Conditions contain cultural resources information. Thus, North Baja seeks privileged treatment for such information pursuant to 18 C.F.R. §§ 380.12(f)(4) and 388.112. North Baja encloses a complete original of the filing and seven (7) copies of the filing without the information for which privileged treatment is sought.

If you have any questions regarding this matter, please contact the undersigned.

Sincerely,

Carl M. Fink

**RESPONSE TO COMMENTS**

**and economic development projects that can be constructed and operated including the potential long term air quality deterioration and human health impacts on Imperial and Mexicali Valley residents.**

Mexicali is one of the fastest growing regions in Mexico. This growth will continue to occur with or without the installation of NBP.

Until the local LDC in Mexicali was developed in the 1990's, all fuel use for commercial and industrial purposes in Mexicali was either #6 fuel oil or #2 diesel, both of which are readily available. When the LDC was established in Mexicali, a limited number of existing commercial and industrial facilities converted from liquid fuels to natural gas. It is estimated by the owner of the LDC that the emission reductions in 2000 from those conversions from oil to gas was over 250 tons of NO<sub>x</sub>, 75 tons of PM, and 2400 tons of SO<sub>2</sub> (a PM precursor). LDC is rapidly approaching its capacity to receive natural gas from the Southern California Gas Company pipeline that supplies it. When that capacity is reached, and if NBP is not built, all future industrial and commercial development will require the use of #2 or #6 fuel oils. If that mix were on a 50%/50% basis, then NO<sub>x</sub> emissions would be 2.6 times more than they would on natural gas, PM emissions would be 6 times more than they would be on natural gas, and SO<sub>2</sub> emissions would be 3500 times more than they would be on natural gas.

Clearly, the "worst case scenario" is the one where NBP is not built.

**Comment 12 c): The County states: "The stated purpose of the natural gas pipeline is to build a number of new power plants, and "but for" these power plants, there would be no gas pipeline proposed at this time."**

The stated purpose of the Proposed Project "is to serve *existing* and incremental electric power generation, local distribution company (LDC), and other market loads in two specific locations along the California/Western Arizona and Mexico border:

1. in the Tijuana and Rosarito, Baja California, Mexico area, south of San Diego, California; and
2. in the Mexicali, Mexico area, south of El Centro, California." (NBP Application, Resource Report 1, p. 1-3)

NBP has signed contracts with shippers to supply over half of the pipeline capacity to existing facilities or a new power plant (Otay Mesa) that are not in the Mexicali region. In addition, it has a contract to supply gas to the LDC in the Mexicali region. These contracts alone are sufficient to justify construction of the pipeline. There is no "but for" connection between the pipeline and these two power plants.

It is also important to point out that while Imperial County is concerned about potential air quality impacts of facilities served by NBP, San Diego County is strongly in support of NBP. This is because NBP will allow for full fuel switching from oil to gas at the Presidente Juarez

**RESPONSE TO COMMENTS**

facility in Rosarito, and will effectively eliminate the constraint on pipeline capacity serving San Diego and reduce significantly the potential for curtailment of gas supply in San Diego, which causes the power plants in the county to have to burn oil.

**Comment 12(d):** The county comments that criteria pollution, e.g. PM10 and ozone, transport due to heavy industrial, commercial and economic development projects resulting from the new power plants could occur.

While it is reasonable to assume that development will occur near the new power plants, it is very difficult to predict the impact on air quality that these sources may or may not have in Imperial County. It is clear, however, that if NBP is not built, any development in Mexicali will need to be fueled by liquid fuels with significantly higher emissions impacts than if they were fueled by natural gas.

**Comment 13: Un-addressed Project Alternatives**

The power plants that are being built to take gas from NBP and GB in Mexico will be state of the art and among the most fuel efficient in the west. As a result they are unlikely to be closed as a result of economic changes in the power industry because they will be able to produce some of the cheapest power available in the area. Also, no one is projecting any sustained reduction in electric demand in either California or North Baja in Mexico.

**Comment 14:** The County comments that "The environmental document needs to identify and address offsets for air pollution, growth-inducement in the Mexican Valley, such as explanation of businesses and residential and other uses, as well as other impacts identified in the Draft EIS/EIR caused both directly and indirectly (secondary impacts) by the project.

The draft EIS/DEIR addresses cumulative impacts at the appropriate level of detail. Response to comment 28(c) pertaining to comments of the Imperial County Planning Department shows that the pipeline provides access to natural gas and displaces more polluting fuels.

**Comment 15:** Need to identify and designate where Imperial County and all other applicable jurisdiction/agencies will have control over the remediation of offsets and recourse to the project impacts, and identify all laws and permitting processes

Table 1.7-1 of the draft EIS/EIR lists major permits, approvals and consultations that govern the design, construction and operation of the North Baja pipeline.