

State Water Resources Control Board

JUL 25 2018

Mr. George Piantka
Director of Regulatory Environmental Services
NRG Energy, West Region
5790 Fleet Street, Suite 200
Carlsbad, CA 92008-4703

Dear Mr. Piantka:

RE: INVOICE FOR THE 2016-2017 INTERIM MITIGATION PERIOD FOR ORMOND BEACH GENERATING STATION - ONCE-THROUGH COOLING POLICY

This letter serves as an invoice for Ormond Beach Generating Station's interim mitigation payment during the operating period of October 1, 2016 through September 30, 2017 (2016-2017 interim mitigation period). The Final Determination calculating the interim mitigation payment is included as Attachment A.

The State Water Resources Control Board (State Water Board) Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling or OTC Policy) requires owners or operators of existing power plants to implement measures to mitigate interim impingement and entrainment impacts resulting from their cooling water intake structures. The interim mitigation period commenced on October 1, 2015 and continues up to and until owners or operators achieve final compliance with the OTC Policy. Section 2.C(3) of the OTC Policy provides options for demonstrating compliance with the interim mitigation requirements.

As stated in the 2015-2016 Final Determination for Ormond Beach Generating Station¹, NRG Energy, Inc. (NRG) elected to comply with the interim mitigation requirements in Section 2.C(3)(b) of the OTC Policy. This option demonstrates compliance with the interim mitigation requirements by providing funding to the Ocean Protection Council or California Coastal Conservancy to fund an appropriate mitigation project.

The State Water Board calculated the interim mitigation payment for the 2016-2017 interim mitigation period using information provided by NRG in their February 9, 2018 information response letter.² The annual interim mitigation payment is the sum of three components: an

¹ 2015-2016 Final Determination for Ormond Beach Generating Station:

https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/docs/ormondbeach_1516mitigation_letter.pdf

² NRG's February 9, 2018 Information Response Letter:

https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/powerplants/ormond_beach/docs/ormond_1617inforequest_resp.pdf

Mr. George Piantka

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entrainment payment, an impingement payment, and a management and monitoring payment. The interim mitigation payment for Ormond Beach Generating Station for the operating period of October 1, 2016 to September 30, 2017 is \$179,285.21.

NRG has 60 days from receipt of this letter to make this payment to the California Coastal Conservancy. When submitting this payment, include a cover letter that identifies the National Pollution Discharge Elimination System number for Ormond Beach Generating Station and copy Karen Mogus, Director of the Division of Water Quality at the State Water Board. Please make the check payable to the State Coastal Conservancy and send to:

Mary Small
State Coastal Conservancy
1515 Clay St. Suite 1000
Oakland, CA 94612
Reference Account # 3760-801-8029018

If you have questions regarding this invoice letter, please contact Julie Johnson at (916) 341-5687 (Julie.Johnson@waterboards.ca.gov) or Katherine Faick at (916) 445-2317 (Katherine.Faick@waterboards.ca.gov).

Sincerely,



Eileen Sobeck
Executive Director

Enclosure:

Attachment A - Final Determination for Ormond Beach Generating Station

cc: Ms. Mary Small
Chief Deputy Executive Officer
State Coastal Conservancy
1515 Clay Street, Suite 1000
Oakland, CA 94612

cc via email:

Mr. Jonathan Bishop, Johnathan.Bishop@waterboards.ca.gov
Ms. Karen Mogus, Karen.Mogus@waterboards.ca.gov
Mr. Michael Lauffer, Michael.Lauffer@waterboards.ca.gov
Ms. Marleigh Wood, Marleigh.Wood@waterboards.ca.gov
Mr. Paul Hann, Paul.Hann@waterboards.ca.gov
Ms. Rebecca Fitzgerald, Rebecca.Fitzgerald@waterboards.ca.gov
Ms. Deborah Smith, Deborah.Smith@waterboards.ca.gov

Attachment A – Final Determination for Ormond Beach Generating Station

**FINAL DETERMINATION TO APPROVE MITIGATION MEASURES
FOR THE WATER QUALITY CONTROL POLICY ON THE USE OF
COASTAL AND ESTUARINE WATERS FOR POWER PLANT COOLING:**

**ORMOND BEACH GENERATING STATION
OCTOBER 2016 THROUGH SEPTEMBER 2017**

Interim Mitigation Requirements and Determinations

The State Water Resources Control Board's (State Water Board) Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling [OTC] Policy) requires owners or operators of existing power plants to implement measures to mitigate interim impingement and entrainment impacts resulting from their cooling water intake structures. The interim mitigation period commenced on October 1, 2015, and continues up to and until owners or operators achieve final compliance with the OTC Policy.

The State Water Board approved Ormond Beach Generating Station's request to comply with the interim mitigation measures described in Section 2.C(3)(b) and Section 2.C(3)(e) of the OTC Policy in the Final Determination¹ for the October 1, 2015, to September 30, 2016, interim mitigation period (2015-2016 Final Determination). The 2015-2016 Final Determination also included the interim mitigation payment for the period of October 2015 through September 2016, comprised of an entrainment fee, an impingement fee and a management and monitoring fee, consistent with Resolution No. 2015-0057² and the recommendations in the Expert Review Panel's Final Report³.

The State Water Board calculated Ormond Beach Generating Station's interim mitigation payment for October 1, 2016, through September 30, 2017, consistent with the methods and calculations applied in the 2015-2016 Final Determination.

Interim Mitigation Payment Calculation for Ormond Beach Generation Station

Entrainment Payment Calculation

To calculate the interim mitigation payment to offset entrainment impacts, the State Water Board used the default average cost of entrainment. Consistent with Resolution No. 2015-0057 and the Expert Review Panel's Final Report, the State Water Board used a three percent escalator to update the average cost of entrainment from the 2015-2016 Final Determination to 2017 dollars to account for inflation. The resulting average default entrainment cost for October 2016 through September 2017 increased from \$4.73 per million gallons (MG) to \$4.87/MG:

¹ State Water Board 2015-2016 Final Determination for Ormond Beach Generating Station.

<https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/docs/ormondbeach_1516mitigation_letter.pdf>

² State Water Board Resolution No. 2015-0057.

<https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2015/rs2015_0057.pdf>

³ Final Report from the Expert Review Panel.

<https://www.waterboards.ca.gov/water_issues/programs/ocean/desalination/docs/erp_intake052512.pdf>

$$(\$4.73/MG \times 0.03) + \$4.73/MG = \$4.87/MG$$

In their February 8, 2018 letter⁴, NRG Energy provided the intake volume for Ormond Beach Generating Station from October 2016 through September 2017, totaling 30,666.70 MG. The State Water Board verified intake volume with the data submitted in the National Pollution Discharge Elimination System permit monitoring reports for Ormond Beach Generating Station.

To calculate the entrainment payment, the State Water Board multiplied the intake volume by the updated average default cost of entrainment:

$$\$4.87/MG \times 30,666.70 MG = \$149,346.83$$

Impingement Payment Calculation

In their February 9, 2018 letter, NRG Energy provided a total fish impingement biomass for Ormond Beach Generating Station from October 2016 to September 2017, totaling 71.882 pounds. The State Water Board calculated the impingement payment using the estimated total pounds of fish impinged multiplied by the average indirect economic value of the fisheries as determined in the Expert Review Panel's Final Report of \$0.80 per pound:

$$\$0.80/pound \times 71.882 pounds = \$57.51$$

Management and Monitoring Payment Calculation

The State Water Board calculated the management and monitoring fee by taking twenty percent of the sum of the entrainment and impingement payments:

$$0.20 \times (\$149,346.83 + \$57.51) = \$29,880.87$$

State Water Board's Final Determination for Ormond Beach Generating Station

Based on the sum of the entrainment, impingement, and management and monitoring payment calculations, the total payment is \$179,285.87 to fulfill the interim mitigation obligation for NRG Energy's Ormond Beach Generating Station for the operating period of October 1, 2016, to September 30, 2017.

$$\$149,346.83 + \$57.51 + \$29,880.87 = \$179,285.21$$

⁴ Letter from George Piantka, NRG Energy, to Eileen Sobek, State Water Board on February 9, 2018.
<https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/powerplants/ormond_beach/docs/ormond_1617inforequest_resp.pdf>