

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF WATER QUALITY  
SEPTEMBER 1, 2020**

**ITEM 5**

**SUBJECT**

CONSIDERATION OF AN PROPOSED AMENDMENT TO THE WATER QUALITY CONTROL POLICY ON THE USE OF COASTAL AND ESTUARINE WATERS FOR POWER PLANT COOLING TO REVISE COMPLIANCE SCHEDULES FOR ALAMITOS, HUNTINGTON BEACH, ORMOND BEACH, AND REDONDO BEACH GENERATING STATIONS AND DIABLO CANYON NUCLEAR POWER PLANT

**DISCUSSION**

This is a combined hearing and consideration of adoption meeting for the proposed amendment to the statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling or OTC Policy). The OTC Policy establishes uniform, technology-based standards to implement Clean Water Act section 316(b) with the goal of reducing harmful effects associated with cooling water intake structures on marine and estuarine life.

If approved, the proposed amendment would extend the compliance dates as listed below to address grid reliability concerns as new energy procurement comes online over the next three years.

1. Extend the compliance date of Alamitos Generating Station Units 3, 4, and 5 for three years to December 31, 2023;
2. Extend the compliance date of Huntington Beach Generating Station Unit 2 for three years to December 31, 2023;
3. Extend the compliance date of Ormond Beach Generating Station Units 1 and 2 for three years to December 31, 2023; and
4. Extend the compliance date of Redondo Beach Generating Station Units 5, 6, and 8 for one year to December 31, 2021.

The current OTC Policy compliance date for all four generating stations is December 31, 2020.

The proposed amendment is based on the preferred recommendation of the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS), as described in the committee's January 23, 2020 report, *Recommended Compliance Date Extensions for Alamitos, Huntington Beach, Ormond Beach, and Redondo Beach Generating Stations*. The OTC Policy requires the SACCWIS to periodically convene to ensure that

implementation of the OTC Policy will not cause disruption in the State of California's electrical power supply.

The proposed amendment would also amend the compliance date for Diablo Canyon Nuclear Power Plant (Diablo Canyon) Units 1 and 2 by reducing Unit 1 by two months and extending Unit 2 by 8 months to November 2, 2024, and August 26, 2025, respectively. These revisions match the expiration date of each unit's Nuclear Regulatory Commission operating license, as requested by the Pacific Gas & Electric Company as part of its plan to retire Diablo Canyon. Additionally, the OTC Policy amendment would include administrative updates including clarifications to the extension process, updating the annual due date of Los Angeles Department of Water and Power's grid reliability report, and non-substantive updates to the OTC Policy for readability and document accessibility.

Staff will give a short presentation on the proposed amendment, including discussing any significant revisions to the proposed amendment and draft staff report based on responses to comments received during the public comment period.

## **POLICY ISSUE**

On June 20, 2019, the Assigned Commissioner and Administrative Law Judge in the California Public Utilities Commission (CPUC) Integrated Resources Planning proceeding (Rulemaking R.16-02-007) issued a ruling that identified a potential system capacity shortfall of between 2,300 and 4,400 megawatts in the California Independent System Operator Balancing Authority Area beginning in the summer of 2021. The potential shortfall arose from several factors, including shifts in peak demand to later in the day (shifting from 4 p.m. - 6 p.m. to 7 p.m. - 9 p.m.) and later in the year (shifting from August to September) when solar and wind resources are not as reliably available to meet peak demand; changes in the method for calculating the qualifying capacity of wind and solar resources resulting in lower qualifying capacity for these resources than previously determined; uncertainty regarding the level of imports on which California can depend in the future as other states also shift towards using more renewable energy resources; and the unanticipated retirements of five non-OTC generating units.

The proposed compliance date extensions for Alamitos, Huntington Beach, Ormond Beach, and Redondo Beach generating stations would "bridge" the projected electrical shortfall until the 3,300 MW of new procurement comes online by the target date August 1, 2023.

## **FISCAL IMPACT**

If the compliance dates for Alamitos Units 3, 4, and 5, Huntington Beach Unit 2, Ormond Beach Units 1 and 2, and Redondo Beach Units 5, 6, and 8 are extended, the owners and operators are anticipated to incur expenses for maintaining trained staff and resources to continue operations and continuing interim mitigation payments for up to three years beyond December 31, 2020. Although power generation would also provide income to these owners and operators, the costs described above are considered as

cost of compliance with the OTC Policy and are consistent with those discussed in the May 4, 2010 *Final Substitute Environmental Document* for the OTC Policy.

No fiscal impact to the Water Board.

### **REGIONAL BOARD IMPACT**

The Los Angeles Regional Water Quality Control Board and the Santa Ana Regional Water Quality Control Board staff are concurrently preparing revisions to National Pollution Discharge Elimination System permits, related time schedule orders, and the San Gabriel River Metals Total Maximum Daily Load (Alamitos Generating Station only) in the event that the proposed extensions for the aforementioned generating stations are adopted by the State Water Board.

### **STAFF RECOMMENDATION**

Staff recommends the State Water Board adopt the proposed amendment to the OTC Policy and draft Staff Report consistent with Alternative 5 in Section 7 of the draft Staff Report.