

**IMPLEMENTATION PLAN
STATEWIDE POLICY
USE OF COASTAL AND ESTUARINE WATERS
POWER PLANT COOLING
(California Water Code Section 13383
Resolution No. 2010-0020)**



**AES ALAMITOS GENERATING STATION
AES SOUTHLAND, LLC**

April 1, 2011

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1.0 INTRODUCTION

In accordance with the May 4, 2010, State Water Resources Control Board's (SWRCB's) Resolution No. 2010-0020 (Resolution) and adoption of a Policy for the Use of Coastal and Estuarine Waters for Power Plant Cooling (OTC Plan), AES Southland, LLC (AES-SL) hereby submits this Implementation Plan to comply with California's Once-Through-Cooling (OTC) policy (OTC Policy) at its Alamitos Generating Station (ALGS). Specifically, this Implementation Plan provides the information requested in the SWRCB's letter to AES-SL dated November 30, 2010.

AES-SL owns and operates approximately 4,200 megawatts (MW) of OTC-based generation located at three generating stations (Alamitos, six units; Huntington Beach, four units; and Redondo Beach, four units). These three facilities represent approximately 18 percent of Southern California Edison's (SCE's) peak demand, 33 percent of the total installed capacity in the Los Angeles Basin Local Capacity Requirements (LCR) area, and 40 percent of the California Independent System Operator's (CAISO's) projected LCR needs in 2011. To meet the requirements of the OTC Policy, support the electrical system's needs, and meet the expected Long-Term Procurement Process (LTPP) and new source solicitation timelines, AES-SL plans to implement a comprehensive, phased repowering program of its entire generation fleet. The comprehensive plan will meet the OTC Policy's Track 1 compliance option.

AES-SL's phased repowering program entails a combination of retirements and replacements with either simple-cycle or combined-cycle gas turbine technology. AES-SL has not finalized its cooling technologies but is currently considering air-cooled condensers (ACC),...

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TECHNOLOGIES ...or mechanical draft cooling towers using Title 22 Reclaim water. The use of any ocean water for cooling would be consistent with Track 1 of the OTC Policy, whereby the intake flow rate is reduced by 93 percent from the intake design rate of an existing unit and the intake velocity is equal to or less than 0.5 foot per second.

Given the size of the AES-SL portfolio and expected limitations in the procurement and construction process, implementation of our preferred plan will require that compliance dates for some AES-SL units are extended past the December 31, 2020, target established in the OTC Policy. Details to support this need are provided in other sections of this Implementation Plan.

There are a number of overarching complexities and constraints that require the ALGS Implementation Plan to be an integral part of the AES-SL fleet-wide program, including the following:

- Coordination with the biennial LTPP and SCE's solicitation process, the California Public Utility Commission (CPUC) Power Purchase Agreement (PPA) approval process, and the California Energy Commission's (CEC's) licensing process
- Maintaining critical generating assets to support local and regional electrical grid requirements and system needs while the replacement units are constructed
- Air quality regulations that exempt AES-SL from supplying emission offsets on a MW-for-MW basis if the retirement and replacement is done in a contemporaneous fashion
- Available free space at each site

- Permitting, procurement, demolition, and construction timelines that are interdependent and an average of 6 years in duration for each unit replacement

Therefore, while this Implementation Plan focuses on the ALGS, it also frequently refers to the overall AES-SL plan and provides a preliminary schedule for the integrated phased retirement and repowering of all of AES-SL's units (see Table 1).

It also must be emphasized that although an AES-SL fleet-wide repowering program is our preferred compliance option, execution of the plan is entirely dependent on our ability to secure long-term PPAs to support project financing of the replacement units. To obtain these PPAs, AES-SL expects to participate in competitive solicitations that result from the LTTP proceedings and is also willing to enter into Assembly Bill (AB) 1576 cost-based PPAs with either SCE or CAISO if concerns about market power cannot be satisfied or there are other beneficial reasons for considering cost-based PPAs. If we are not able to secure PPAs, preferably with terms longer than 10 years, AES-SL will likely be permanently retiring units as of their compliance dates as opposed to retrofitting the existing facilities with alternative cooling systems.

The details of this Implementation Plan are based on the best information available at this time to meet the requirements of the OTC Policy for the ALGS. AES-SL's three generating stations provide critical capacity to the Los Angeles Basin and are an integral part of the LCR, which is currently under assessment by Balancing Area Authorities (BAA), utilities, and the interagency AB 1318 technical team led by the California Air Resources Board (CARB). As information from various state-led studies, as well as AES-SL's own studies, become available, we will submit amendments to this Implementation Plan. As such, the ALGS Implementation Plan is subject to change.

2.0 GENERAL PLAN

AES-SL will comply with Compliance Alternative Track 1 as defined in Section 2 A. (1) of the OTC Policy. At the ALGS, AES-SL intends to comply with Compliance Alternative Track 1 of the OTC Policy by constructing either new simple-cycle or combined-cycle gas turbine generation facilities at ALGS to replace the six existing units, which total approximately 2,010 MW. Given land and other constraints, the replacement units will need to be constructed in four phases with the commercial operation dates separated by approximately four years between each phase. Additional details regarding the phasing requirement are provided in Section 3.0.

The new units will provide operating flexibility to effectively integrate increasing amounts of renewable energy into the electrical transmission and distribution system. AES-SL believes the redevelopment of the existing OTC projects in the South Coast Air Basin (SCAB) will be effective to meet California's future needs forecasted for the 2020 planning horizon within the Los Angeles Basin LCR. AES-SL continues to invest significant time and effort to understand the transmission constraints, demand requirements, and renewable energy integration of the Los Angeles Basin LCR. As part of this effort, AES-SL is actively monitoring the reliability needs assessment mandated by AB 1318 and performing its own independent studies. Recent CAISO and CPUC reports include data and information that highlight the need for more flexible generation to integrate renewable energy into the system. These include the following:

- CPUC LTTP Scoping Memo 1 in 2 Demand Forecast

- CAISO Integration of Renewable Resources at 20 percent Renewable Portfolio Standard (RPS) Report
- CAISO 33 percent RPS Study of Operational Requirements and Market Impacts

In light of these reports and as a result of AES-SL's work, we believe that flexible, load following generation, with adequate contingency reserves, ramp speed and duration and start/stop capabilities is needed to maintain electrical system reliability and integrate the desired renewable resources.

In addition, the AES-SL's repowering program will create more than 5,000 high-paying construction jobs over a 10- to 12-year period during the construction of the new units and demolition of the existing facilities.

2.1 COOLING ALTERNATIVES

All of AES-SL's repowered units and associated cooling systems will, at a minimum, provide a 93 percent reduction in intake flow rate for each unit as compared to the prior unit's intake design flow rate. Additionally, the intake through-screen velocity will not exceed 0.5 foot per second. Table 2 provides the design intake flow rate for Units 1 through 6 at the ALGS, the required 93 percent reduction, and the remaining 7 percent that is available for cooling.

ALGS is still in the process of evaluating its cooling options and is considering three technologies to comply with the required reduction in intake flow rates.

- ACC
- **CONFIDENTIAL INFORMATION REMOVED REGARDING COOLING TECHNOLOGIES**
- Closed-cycle wet cooling system using reclaimed/recycled water compliant with California Code of Regulations (CCR) Title 22

Table 3 addresses the availability of CCR Title 22 reclaimed/recycled water to meet the water requirements for a closed-cycle wet cooling system for the phased repowering and retirement program at the ALGS. As indicated in the Table 3, sufficient reclaimed/recycled water is available. During evaluation and selection of the final cooling technologies, AES-SL will consider the tradeoffs of using reclaimed/recycled water, including infrastructure costs, operating and maintenance (O&M) costs, and permitting uncertainty associated with utilization of reclaimed/recycle water.

Capacity factor assumptions for the repowered facilities may also commercially justify the potential use of sea water as makeup for a Mechanical Draft Cooling Tower (MDCT) system. However, AES-SL expects the regulatory hurdles to employ this method will be considerable; thus, this option is not presently listed as an alternative. AES-SL will revise this OTC Plan to include the sea water MDCT alternative if the previously mentioned studies reveal a need to further explore this option.

ALGS will also retain the existing connection to the City of Long Beach potable water system in the event reuse of reclaimed water is infeasible for providing high-purity process water.

2.2 PRIMARY ASSUMPTIONS

The key assumptions for AES-SL's phased retirement and repowering program as part of the OTC Implementation Plan include the following:

- Contracted capacity – Non-recourse project financing supported by long-term contracts through either the SCE Request for Offer (RFO) process or negotiated and transparent cost-plus PPAs as mandated under AB 1576. AES-SL's business model does not generally support merchant power market risk, so all potential repowering projects will have to be supported by long-term contracts or PPAs.
- Reliance on South Coast Air Quality Management District (SCAQMD) Rule 1304 (a) (2) to comply with all necessary emission credits for the repowered units – AES-SL will not proceed with its repowering efforts at its facilities without the full utilization of this Rule. The potential cost of emission offsets for AES-SL's facilities would render the repowering program commercially infeasible.
- Lead agency and permitting timeline – The new units for AES-SL's repower program at its three generating stations will be permitted through the CEC. AES-SL anticipates that an Application for Certification (AFC) will require a minimum of 6 months to prepare. Based on the CEC's current processing time, we anticipate that a license could be secured within 18 to 24 months of being deemed data adequate, barring unforeseen controversy, which could extend the schedule.
- Procurement cycle – The AES-SL phasing schedule assumes the CPUC will direct SCE to procure replacement OTC resources as a result of the current LTPP process. It should be noted that this is inconsistent with Section 1.K of the OTC Policy, which assumes that new resources for the Los Angeles region will not be considered until the 2012 LTPP. Based on historical timelines, any new source procurement directives stemming from the 2010 LTPP would not result in CPUC-approved PPAs until the first quarter of 2014 and any new units would not achieve commercial operations until mid-2017. If new resources for the Los Angeles region are not considered until the 2012 LTPP, then replacement resources for the OTC units would not achieve commercial operations until mid-2019. Further, since the 2012 LTPP would be the last cycle that allowed for replacement resources to achieve commercial operations prior to the December 31, 2020 compliance date for the over 6,000 MW of gas-fired OTC units that are in SCE's territory, all OTC replacement resources would need to be procured through the same 2012 LTPP.
- Demolition and construction – AES-SL needs a minimum of 3.5 to 4 years for the demolition of existing units and construction of new units in the same footprint, depending in part on whether the new units are simple-cycle or combined-cycle gas turbines. AES-SL is planning on a nominal 2 years per phase for demolition of existing units to allow sufficient time for the maximum recovery of equipment and material for reuse and/or recycling, and for the abatement of materials such as asbestos and lead-based paint. Depending on the phase, demolition may occur prior to or after construction and commercial operation date (COD) of the new units based on factors such as existing PPA requirements and space limitations at the generating stations.
- Implementation Plans are a work-in-progress – The repowering of the AES-SL generating fleet must be supported by, and be consistent with, the CPUC's LTPP, the timing and

generation needs as specified in RFOs from the investor-owned utilities (IOUs), and the ongoing and continuing electrical generation planning and management by the various state agencies. As the biennial LTPP and RFO cycles, and our continuing analysis, will have a direct affect on AES-SL's plans, we anticipate the results of these processes will cause significant changes to our current implementation plan in future years.

- **CONFIDENTIAL ASSUMPTION REMOVED**
- Reclaim water – While recycled/reclaimed water is, or can be, made available for AES-SL's Alamitos, Huntington Beach and Redondo Beach generating stations from various existing publicly-owned wastewater treatment plants, there are uncertainties regarding infrastructure improvements that may be required at the existing treatment plants and to the pipeline systems needed to convey the required volumes of recycled/reclaimed water to AES-SL's generating stations for use in a closed-cycle wet cooling system and for industrial make-up water for the generating units. In addition, there are the related permitting issues, capital cost, and O&M cost for this infrastructure that have yet to be fully evaluated. Based on these combined factors and issues, the option of using recycled/reclaimed water for power plant cooling appears less viable at this time; however, during the evaluation and selection of the final cooling technologies, AES-SL will consider reclaimed/recycled water as part of the Implementation Plans for the Alamitos, Huntington Beach and Redondo Beach generating stations pending further analysis and assessment.
- Potable Water – AES-SL will retain existing city potable water connections to the three generating stations and use this water for boiler and industrial make-up water as part of the repowering program in the event reuse of reclaimed water is infeasible for the remainder of in plant requirements.

3.0 COMPLIANCE PLAN AND PHASED IMPLEMENTATION SCHEDULE

As noted previously, the Implementation Plan for AES-SL and the ALGS must be phased and executed over multiple years. The primary drivers for the phasing include, but are not limited to the following:

- Electrical system stability – Due to our location in critical local reliability areas, AES-SL recognizes the need for its generating capacity to maintain certain minimum levels during this transition and in the future. AES-SL has studied the grid's needs and has prepared the plan accordingly in an attempt to ensure that our decisions do not negatively affect the grid stability or reliability. The grid stability and reliability includes energy and ancillary needs, resource adequacy, local voltage support, and inertia to facilitate higher levels of imported power. AES-SL provides this plan with these considerations in mind. The retirement of existing units and the commissioning of new generating technology must occur in stages at each site, otherwise too much or too little generating capacity would result at a site.
- SCAQMD Rule 1304 – Contemporaneous actions are needed to retire and replace MW in a consistent manner to comply with the applicable provisions of SCAQMD Rule 1304 (a)(2), which provides an exemption from providing emission offsets needed to permit and construct the replacement units. As the plan indicates, repowered MW are enabled by the retirement of MW either at the same AES-SL site or another AES-SL site. The plan attempts to most effectively use Rule 1304 by linking retirement commitments (in size and timing) to repowering plans.

- Available space – Preliminary studies indicate AES-SL may have the available space to construct approximately 2,300 MW across all three sites without the demolition of existing generating units. To construct any more than 2,300 MW across all three AES-SL sites requires the shutdown and demolition of existing generating units to make additional space available.
- Concerns about procurement process – SCE has understandably expressed concerns about concentrating counterparty and technology risks. Therefore, SCE must be directed to meet its future needs through multiple procurement cycles to enable both counterparty diversification and a sufficient period to resolve any new technology issues. If SCE is directed to procure in a single cycle, only those entities currently in the market with viable projects/permits employing those technologies that are proven and available will be part of the SCE choices. Additionally, credit support, available financing, equipment production capabilities, and people resources will not support a single solicitation.
- **CONFIDENTIAL INFORMATION REMOVED REGARDING THE COMPLIANCE PLAN AND PHASED IMPLEMENTATION SCHEDULE**

Alternatively, if certain arrangements are finalized and AES-SL transacts the sale of Units 3 and 4 at the AES Huntington Beach Generating Station (HBGS) to Edison Mission Energy (EME), the above plan for the ALGS would be modified. If such arrangement is finalized, AES-SL will submit a modified plan to reflect this change. AES-SL contends that this potential asset sale does not change the ultimate objectives for the repowering at the HBGS but would impact the repowered capacity at either the ALGS or the Redondo Beach Generating Station. Should the sale of Units 3 and 4 at the HBGS be completed, it is expected EME would retire these units by the fourth quarter of 2012 to enable the development of another generating facility within the SCAB of similar capacity to the HBGS's Units 3 and 4. The impacts of this potential sale and retirement on Units 3 and 4 at the HBGS would include a reduction of 450 MW until such time that AES-SL could secure permits, long-term contracts and financing to replace the retired MW, but most probably no sooner than the second quarter of 2018. In this instance, AES-SL will prepare to participate in the 2012 RFO and explore the opportunities available through Rule 1576.

4.0 INTERRUPTION IN SERVICE

Based on AES-SL's understanding of the electrical and transmission system in the Los Angeles Basin and our current phased repowering plan, other than the approximate ninety days between the shutdown of the existing units and the commercial operations of the new units to support commissioning activities, AES-SL is not aware of any time periods when electrical generation will be infeasible at the ALGS. This, of course, does assume that the compliance date for Units 1 and 2 and Units 3 and 4 at ALGS is extended to December 2022 and 2024 (respectively) so these units can continue operating while the replacement resources are being constructed. Further, other than the commissioning periods, ALGS does not plan to be less than 1,417 MW of installed capacity at any time during this transition.

5.0 REPOWERED GENERATING UNITS INFORMATION

The phased retirement and repowering schedule for the ALGS provided in Table 1 provides the following information requested by the SWRCB:

- Size in maximum capacity MW of the repowered generation units
- Technology of the repowered generation units (i.e., combined-cycle and simple-cycle/single gas turbines)
- Amount of electrical power that will still be generated during the phased retirement and repowering process, and the ultimate generation output at the completion of the phased retirement and repowering
- Timetable for the phased retirement and repowering

5.1 ELECTRICAL CHARACTERISTICS OF THE REPOWERED GENERATING UNITS

AES-SL has spent significant time and effort to understand how best to serve California in meeting its objective of 33 percent renewable generation by 2020, the reduction of ocean water for OTC retirement of aging electrical infrastructure and commissioning of highly flexible, environmentally beneficial generation. These efforts parallel the reliability needs assessment mandated by Assembly Bill 1318.

As a result of AES-SL's work to date, AES-SL understands the critical value of operational flexibility as opposed to just reserve margins. Generation with flexible operating characteristics including quick and frequent start, responsive ramping, massive load shedding, and large load ranges are the right solution for California. As such, the ALGS plan includes technology that will supply all of these flexibilities in an environmentally responsible, cost-efficient manner.

5.2 AIR PERMITTING AND REQUIRED OFFSETS

AES-SL has the unique ability to execute on its plan in the highly regulated and air quality-constrained SCAB by relying on existing policy. Under the SCAQMD Rule 1304, the replacement of electric utility steam boiler(s) with qualifying generating technology is exempt from supplying emission offsets normally required by SCAQMD Rule 1303(b)(2) provided the maximum electrical power rating (in MW) of the new equipment does not increase basin-wide electricity generating capacity on a per-utility basis. Since AES-SL intends to retire its electric utility steam boiler(s) as new Rule 1304 qualifying generating technology is deployed, the execution of this Implementation Plan will not be constrained by a shortage of Emission Reduction Credits (ERCs).

Based on specific discussions with senior SCAQMD staff, under Rule 1304 and consistent with federal New Source Review (NSR) requirements, AES-SL will be able to retire and replace the Huntington Beach, Alamitos, and Redondo Beach Generating Stations on a MW-per-MW basis. The 1304 exemption in the SCAB can be transferred between AES-SL's generation stations as part of the consolidated repowering and retirement program at the three generating stations; that is, the retirement of generation at one AES-SL site can be replaced with qualifying generation technology at another AES-SL site provided the total MW of replacement generation does not exceed the total MW of retired generation at any point in time.

AES-SL understands there is adequate capacity in the SCAB's ERC market to enable the retirement and repowering of AES-SL's existing generating fleet in the basin by using the Rule 1304 exemption. The generating capacity within the Los Angeles Basin LCR is sufficient to meet forecasted demand. Further, it seems reasonable to rely on repowering at existing sites, as they

are already industrial and have infrastructure in place, as opposed to creating new industrial sites in highly populated, urban areas.

There are potential constraints on the AES-SL repowering program posed by United States Environmental Protection Agency's (USEPA's) NSR requirements for particulate matter less than 2.5 microns in aerodynamic diameter (PM_{2.5}) and the SCAQMD's proposed Rule 1325. These rules would restrict the maximum capacity of any repowered facility to less than the equivalent MW that would incrementally emit more than 99 tons of PM_{2.5} without providing offsets. In the event a generation station is repowered to a capacity that had projected incremental emissions in excess of 99 tons of PM_{2.5}, all PM_{2.5} emissions would have to be offset. The potential cost of such PM_{2.5} offsets would render the repowering program commercially infeasible for any facility that exceeded this threshold. As PM_{2.5} emission estimates and vendor guarantees for new generating units is currently not available, it is not possible to fully evaluate the potential impact of USEPA's NSR rules for PM_{2.5}. Further updates to this Implementation Plan will be necessary when all emission constraints for each potential generation technology can be accurately assessed.

5.3 TRANSMISSION CONSTRAINTS

AES-SL has conducted third-party engineering analyses of the interconnect limitations at the ALGS. Based upon the present physical constraints of the interconnections, the maximum generation capacity that can be installed at the ALGS is estimated to be 2,435 MW.

CONFIDENTIAL INFORMATION REMOVED REGARDING TRANSMISSION CONSTRAINTS

6.0 PRIOR IMPINGEMENT MORTALITY AND ENTRAINMENT STUDY

The December 2007 Impingement and Mortality and Entrainment Study for the ALGS is provided electronically on a CD as Appendix A to this Implementation Plan. This study accurately reflects the current impingement and entrainment impacts at the ALGS. This impingement study accurately characterizes the species currently impinged and their seasonal abundance. This study also accounts for entrainment for seasonal variation in oceanographic conditions and larval abundance and behavior such that abundance estimates are reasonably accurate. The entrainment study used a mesh size of 333 or 335 microns for entraining larvae samples. A copy of this December 2007 Impingement and Mortality and Entrainment Study for the ALGS was previously submitted in accordance with the regulatory requirements to the California Regional Water Quality Control Board - Los Angeles Region.

7.0 COMPLIANCE WITH IMMEDIATE AND INTERIM REQUIREMENTS

The immediate and interim measures in this section are proposed for compliance with the Section 2.C of the SWRCB OTC Policy and Resolution No. 2010-0020.

7.1 CESSATION OF INTAKE FLOW TO UNITS NOT DIRECTLY ENGAGED IN POWER GENERATION OR CRITICAL SYSTEM MAINTENANCE

During Power Generation

The ALGS circulating water pumps are required for operation to provide cooling water to the main and auxiliary turbine steam condensers, and to the bearing cooling water heat exchangers.

There are two constant-speed circulating water pumps per generating unit (12 pumps total). The two 480-MW super-critical units use four 117,000-gallon-per-minute (GPM) pumps to circulate cooling water from one canal intake. A second canal intake supports four generating units; two 320 MW units and two 175 MW units. The two 320 MW units use four circulating water pumps of 68,000 GPM capacity and the two 175 MW units use four 36,000-GPM pumps. When a generating unit is in operation, both pumps are required to maintain unit efficiency, as well as plant reliability.

During a unit start up, circulating water pumps are among the first equipment started and are therefore in service well before the units are online, generating power and released for dispatch. Early in the startup process, only one circulating water pump may be in service, followed by the second pump before the unit is online and generating power. The primary reason for circulating water flow during the early startup period is to provide cooling to the bearing cooling water heat exchangers and to allow for vacuum on the steam condensers. Both of these activities are mandatory.

The following lists the startup procedures for the circulating water pumps at the ALGS:

- Units 1 and 2, 175 MW each, will have circulating water flow approximately 7 hours before the unit is online. The first circulating water pump, with a capacity of 36,000 GPM, will be followed by a second pump with the same capacity 2 hours later.
- Units 3 and 4, 320 MW each, will have circulating water flow approximately 7 hours before the unit is online. The first circulating water pump, with a capacity of 68,000 GPM, will be followed by a second pump with the same capacity 2 hours later.
- Units 5 and 6, 480 MW super-critical, once-through steam generators, will have circulating water flow approximately 24 hours before the unit is online. The first circulating water pump, with a capacity of 117,000 GPM, will be followed by a second pump with the same capacity 3 hours later.

The operating schedule presented here describing the startup sequence of the generating units at the ALGS are approximate and based on a normal unit startup sequence. These times can vary depending on plant or system conditions, problems, or delays.

During a generation unit shutdown sequence, circulating water pumps are among the last equipment shutdown after the unit has been removed from service and are therefore typically in service well after the unit is offline. Primary reason for circulating water flow during this period is to provide cooling water to bearing cooling water heat exchangers and steam condensers to allow for safe shut down of operating equipment. All six generating units at the ALGS follow a similar shutdown procedure. The generating units will use both circulating water pumps for 3 hours after the unit is offline. After 3 hours, one pump is shut off and a single circulating water pump operates for approximately 24 hours.

These times are approximate and based on a normal unit shutdown sequence. These times can vary significantly depending on plant or system conditions, problems, or delays.

During Non-Power Generation

When the generating units at ALGS are offline and no longer generating power, minimal flow rates of circulating water is continuously required for safe operation of critical plant systems to

ensure that the plant is maintained at the required level of readiness. These critical plant systems include sewage water treatment and retention basin discharge, and a bearing water cooling system that also serves the service/instrument air system, air conditioners, and generator hydrogen sealing system

The water treatment systems use ocean water as part of the system design while the remaining critical plant systems all require cooling water from the bearing cooling water system. Pumps serving Units 5 and 6 service their own bearing cooling water system. When not generating power, one 117,000-GPM pump will cycle on for 3 hours every 48 hours to maintain these critical systems. Units 1 through 4 share common services and supply water for the sewage treatment system. When Units 1 through 4 are not generating power, at a minimum one of the smaller-capacity circulating water pumps (36,000 GPM) is required for critical plant systems at all times to reduce bearing cooling water temperatures and supply the sewage treatment system.

Current and past operating data demonstrate that there are no months when intake flows at the ALGS are likely to cease completely. Minimum month flows are typically February and March when power generation is expected to be at a minimum. However, as explained previously, when not generating power, there will be a minimum of 36,000 GPM of intake flow from the canal serving Units 1 through 4 at all times and intake flow will average approximately 117,000 GPM for 3 hours every 48 hours from the canal serving Units 5 and 6.

7.2 INTERIM MEASURES TO MITIGATE IMPINGEMENT AND ENTRAINMENT IMPACTS FROM COOLING WATER INTAKE IF FINAL COMPLIANCE NOT ACHIEVED BY OCTOBER 1, 2015

Section 2C(3) of the OTC Policy requires existing power plants to implement measures to mitigate the interim impingement and entrainment impacts resulting from the cooling water intake structure(s), commencing October 1, 2015, and continuing up to and until the owner or operator achieves final compliance. The owner or operator must include in the Implementation Plan the specific measures that will be undertaken to comply with this requirement.

The SWRCB has identified the preferred mitigation method as providing funding to the California Coastal Conservancy that will ultimately be used "for mitigation projects directed towards increases in marine life associated with the State's Marine Protected Areas in the geographic region of the facility." In addition, existing mitigation projects can be considered as part of the interim measures for cooling water intake impacts. These mitigation measures would be applicable to any OTC generation still in operation after October 1, 2015. The California Coastal Conservancy has identified several restoration projects in the South Coast region that, when implemented, would provide increases in habitat and production of marine life.

AES-SL proposes to provide funding to the California Coastal Conservancy as interim mitigation from October 1, 2015, and continuing up to and until the ALGS is in final compliance with the Policy. The amount provided will be based on the actual cooling water intake flow of each unit during each calendar year (January 1 through December 31). Discharge data submitted to the California Regional Water Quality Control Board - Los Angeles Region will be used for the volume calculations. AES-SL will provide three dollars (\$3.00) for each 1 million gallons (10⁶ gallons) withdrawn by each unit at the ALGS. The calculations will be performed

by AES-SL for the prior year, and the funds will be submitted to the California Coastal Conservancy by AES-SL.

This approach will allow for consistent implementation of the Policy among the power generation plants required to conduct interim mitigation. By providing funding on an annual basis it also addresses uncertainties on the volume of cooling water necessary to support operations at the ALGS. This approach also avoids the uncertainties that are associated with the implementation of any restoration project and the difficulties in determining the appropriate level of funding for projects that might continue to require funding, and provides benefits well beyond the date when final compliance is achieved.

Tables

TABLE 1
PROPOSED PHASED SCHEDULE
IMPLEMENTATION PLAN: ONCE-THROUGH-COOLING WATER POLICY REQUIREMENTS
RETIREMENT AND REPOWERING
AES SOUTHLAND, LLC

Note: Table 1 is Confidential and has been provided to the SWRCB as part of a separate "Confidential" submittal.

**TABLE 2
DESIGN WATER INTAKE FLOW RATE
AND 93 PERCENT REDUCTION
IN WATER INTAKE FLOW RATE
ALAMITOS GENERATING STATION
AES-SOUTHLAND, LLC**

Rated Flow of Circ Pump x Number of Pumps		Alamitos GS	93% Reduction Flow Rate
36,000	GPM x 2	AL Unit 1	5,040 GPM
36,000	GPM x 2	AL Unit 2	5,040 GPM
68,000	GPM x 2	AL Unit 3	9,520 GPM
68,000	GPM x 2	AL Unit 4	9,520 GPM
117,000	GPM x 2	AL Unit 5	16,380 GPM
117,000	GPM x 2	AL Unit 6	16,380 GPM
1,272,960,000	GPD	ALGS Total	89,107,200 GPD

GPM - Gallons Per Minute

GPD - Gallons Per Day

**TABLE 3
Reclaimed/Recycled Water Availability
Phased Repowering Program
Alamitos Generating Station
AES-Southland, LLC**

Treatment Facility	Length of Proposed Pipeline Alignment (miles)	Effluent Level of Treatment			2010 Treatment Capacity (MGD)	2020 Planned Treatment Capacity (MGD)	2010 Average Daily Flows (MGD)	2010 Reclaimed Water Production (MGD)	2010 Committed Reuse (MGD)	2010 Available Reclaimed Water (MGD)	Potential Available Reclaimed Water after Treatment Upgrade (MGD)	Notes/Potential Limitations or Opportunities
		Secondary	Tertiary (Title 22)	Advanced (MF/RO/UV)								
AES Alamitos Generating Station- Repowering Program Closed-Loop Cooling System: 10.2 MGD Flow Rate												
Carson Regional WRF	10.6		✓		6.0 ⁶	23.0 ⁶	5.9 ¹	5.9 ¹	5.9 ¹	0	17.0 ⁶	Expansion of nitrification treatment capacity ⁶ . Influent feed line capacity limited to 22 MDG. Expansion of MF and RO treatment capacity ⁶ .
Carson Regional AWTF	10.6			✓	5.0 ^{1,6}	8.5 ⁶	5.0 ¹	4.3	4.3 ¹	0	3.5 ⁶	
Joint WPCP (JWPCP)	12.4	✓			400 ¹	400 ¹	302 ^{1,6}	0	0	0	200 ⁷	
Terminal Island (TI) WRP	-		✓		30.0 ^{1,5}	30.0 ^{1,5}	15.6 ^{1,5}	14.0 ¹	14.0 ¹	0	0	
Terminal Island (TI) AWTF	-			✓	5.0 ^{1,5}	5.0 ^{1,5}	4.0 ¹	2.5 ²	2.5 ²	0	0	
Long Beach WRP	2.4		✓		25.0 ^{1,4}	25.0 ^{1,4}	18.0 ^{1,4}	14.9 ⁴	11.4 ⁴	3.5 ⁴	3.5	Tertiary effluent pumped to LVL AWTF for advanced treatment ² .
Leo J. Vander Lans (LVL) AWTF	2.4			✓	3.5 ¹	10.5	3.5 ¹	3.0 ¹	3.0 ¹	0	7.0	Advanced treatment of tertiary effluent from Long Beach WRP ² .
Los Coyotes WRP	8.2		✓		50.0 ¹	50.0 ¹	34.2 ¹	27.1 ²	5.6 ²	21.5	21.5	

Notes:

- AWTF = advanced water recycling facility
- MF/RO/UV = microfiltration/reverse osmosis/ultraviolet
- MGD = million gallon(s) per day
- WPCP = water pollution control plant
- WRF = water recycling facility
- WRP = water reclamation plant

Sources:

- ¹U.S. Bureau of Reclamation Southern California Regional Brine-Concentrate Management Study – Phase 1 Lower Colorado Region, CH2M HILL 2009
- ²LACSD Twentieth Annual Status Report on Recycled Water Use Fiscal Year 2008–09
- ³OCS D Facilities Master Plan, OCS D 2009
- ⁴Long Beach Water Department and Water Replenishment District of Southern California Recycled Water Master Plan, MWH 2010
- ⁵City of Los Angeles Recycled Water Master Plan, CH:CDM 2006
- ⁶West Basin Municipal Water District Capital Implementation Master Plan for Recycled Water Systems, Carollo 2009
- ⁷Joint Groundwater Replenishment Feasibility Study RFP, Metropolitan Water District of Southern California 2010
- ⁸Michelson WRP flow data, Irvine Ranch Water District 2010 <http://www.irwd.com/your-water/facilities-construction/michelson-water-recycling-plant1.html>

Figures

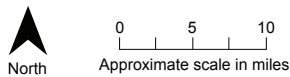


FIGURE 1
 Regional Map
 AES-SL, Generating Stations
 AES Southland, LLC



LEGEND

 Site Boundary



0 500 1,000
Approximate scale in feet

FIGURE 2
Vicinity Map
Alamos Generating Station
AES Southland, LLC

Appendix A

**Alamitos Generating Station Clean Water Act Section 316(b)
Impingement Mortality and Entrainment Characterization Study**