NOV 7 2016

Ms. Jennifer Didio
President
AES-Southland
690 North Studebaker Road
Long Beach, CA 90803

Dear Ms. Didio:

INFORMATION REQUIREMENTS FOR ALAMITOS GENERATING STATION

On May 4, 2010 the State Water Resources Control Board (State Water Board) adopted the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling [OTC] Policy). To prevent disruption with the State's electrical power supply, section 1.I of the OTC Policy provides that the State Water Board will convene a Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS) to advise the State Water Board on grid reliability and the impact of OTC Policy implementation on local area and system reliability. In order to perform an updated grid reliability analysis, the State Water Board requires updates to the previously submitted implementation plans submitted pursuant to section 3.A of the OTC Policy.

Pursuant to the OTC Policy and California Water Code section 13383, the State Water Board requires that AES-Southland (AES-SL) provide the most current information for Alamitos Generating Station (Alamitos) updated from the previously-submitted Plan (See attachment).

Please note that a compliance date extension request requires an amendment to the OTC Policy. If and when circumstances that require an extension occur, AES-SL must submit a formal request for State Water Board consideration of an amendment to the compliance date set forth in the OTC Policy, along with supporting documentation. Please allow adequate time for the State Water Board to consider and process a request. The State Water Board requires a minimum of one year to process an OTC Policy compliance date deferral request.

Submission of the requested information is required no later than 60 days from the date of this letter.

Should you have any questions on this matter please feel free to contact Mr. Jonathan Bishop, Chief Deputy Director, at (916) 341-5820 Jonathan.Bishop@waterboards.ca.gov or Maria de la Paz Carpio-Obeso, Chief of the Ocean Standards Unit, at (916) 341-5858 MarielaPaz.Carpio-Obeso@waterboards.ca.gov.

Sincerely,

Thomas Howard
Executive Director

Attachment:

ALAMITOS GENERATING STATION

1. The following is the State Water Board's current understanding of the proposed mechanism to bring each unit into compliance:

   In its February 12, 2016, letter to the State Water Board, AES-SL stated its path to comply with Track 1 of the OTC Policy for Alamitos. AES-SL proposes to repower Alamitos with a new 640 megawatts (MW) Combined Cycle Gas Turbine (CCGT), 400 MW Simple Cycle Gas Turbine (SCGT) peakers and 300 MW of battery energy storage. AES-SL was recently awarded a Power Purchase Agreement (PPA) for a 640 MW CCGT and100 MW of battery storage. First fire and testing of the 640 MW CCGT is scheduled for November 1, 2019, with an April 1, 2020 commercial operation date and a June 1, 2020 PPA date. On December 31, 2019, AES-SL proposes to retire Alamitos Units 1, 2 and 5 to provide emission offsets for the new Alamitos Energy Center (AEC). AES-SL also proposes to retire Alamitos Units 3, 4, and 6 by December 31, 2020, its OTC Policy compliance date. AES-SL anticipates a disruption in total available capacity at Alamitos between December 31, 2019 and April 1, 2020. AES-SL expects Alamitos will be in compliance before December 31, 2020.

2. The following is the State Water Board's current understanding of the actions taken to obtain permits, obtain contracts, or meet other regulatory obligations to bring each unit into compliance:

   In December 2013, AES-SL submitted an Application for Certification (Docket No. 13-AFC-01) to the California Energy Commission (CEC) and an application for a Permit to Construct and Title V modification to the South Coast Air Quality Management District (SCAQMD) for the development of AEC. On October 26, 2015, AES-SL submitted a Supplemental Application for Certification, for a 1,040 MW power plant, comprised of Phase 1, 640 MW CCGT and Phase 2, 400 MW SCGT. On September 23, 2016, CEC staff published the Final Staff Assessment Part I for the Alamitos Energy Center.

   Southern California Edison (SCE) publicly announced that AES-SL had been selected in the 2013 Local Capacity Requirements Request for Offers to provide 640 MW of nominal capacity at the Alamitos site. At the November 19, 2015, California Public Utilities Commission (CPUC) Voting Meeting, the CPUC approved SCE procurement selection of the Alamitos repowering project for the western Los Angeles Basin local capacity needs per Decision (D.15-11-041). On June 1, 2016, the CPUC denied the application for rehearing of the Decision. The PPA for the combined cycle facility at AEC is for a two-on-one facility, with a total net capacity of 640 MW. AES-SL indicates it will use the capacity from Alamitos Units 1, 2 and 5 to provide offsets for AEC. The total amount of capacity is sufficient to cover the 640 MW CCGT but not the 400 MW SCGT peakers. Offsets for Phase 2 SCGT (400 MW) will be needed for the first fire of those units, which is subject to obtaining a PPA in the future.

3. The following is the State Water Board's current understanding of the California Independent System Operator (CAISO) analysis that shows a deficiency in the Western Los Angeles Basin subarea and use of an OTC Policy deferral as a potential mitigation option:

   In the CAISO 2015-2016 Transmission Plan report, CAISO conducted 2021 Local Capacity Requirement Assessments for the Los Angeles Basin/San Diego Area with the Mesa Loop-In Project In-Service Date delayed (i.e., Not In-Service by summer 2021). The Mesa Loop-In

provides a new source from bulk transmission into the Los Angeles Basin to bring power from Tehachapi renewables, which facilitates less in-basin generation. CAISO analysis shows that if Mesa Loop-In is not in service by summer 2021, then a shortfall in the Los Angeles Basin local area results. One mitigation measure is to extend the OTC Policy compliance schedule of the Redondo Beach Generating Station (Units 1 and 7, or Units 1 and 8) until the Mesa Loop-In Project is completed[1].

Please respond to the following questions and requests for information:

1. Has any of the information above changed?
2. Are there any contingencies that would prevent AES-SL from meeting its commercial operation date or PPA date of the new facility?
3. Does AES-SL plan to retire Alamitos Units 1, 2, or 5 earlier than December 31, 2019 or Alamitos Units 3, 4, or 6 earlier than December 31, 2020?
4. Are there any contingencies that would prevent AES-SL from meeting its OTC Policy compliance date?
5. If Mesa Loop-In is delayed, could Alamitos Units 3, 4, or 6 be a potential solution to CAISO's identified deficiency in the Western Los Angeles Basin subarea? If not, why?
6. In the event of an OTC Policy compliance date extension, are there electrical configurations, permit constraints, or any other reasons that would make some units preferred over others?
7. Please identify any period with a disruption in service between the shutdown of existing units and the commercial operation date of the new units.
8. Does construction of the 640MW CCGT now in permitting at the CEC physically interfere with the operation of the existing units? If so, which units? Please explain why.
9. Does the proposed air permit from SCAQMD allow some combination of old and new Alamitos units to operate simultaneously?
10. Does the transmission switchyard or the interconnection capacity with the CAISO build system limit operation of old and new Alamitos units? If so, please describe these interactions and the nature of the limit.
11. Is there any other information that the State Water Board should be made aware?

[1] CAISO 2015-2016 Transmission Plan, p. 166, http://www.caiso.com/Documents/Board-Approved2015-2016TransmissionPlan.pdf