

State Water Resources Control Board

FEB 24 2015

Ms. Jennifer Didlo
President
AES-Southland
690 N. Studebaker Road
Long Beach, CA 90803

Dear Ms. Didlo:

INFORMATION REQUIREMENTS FOR ALAMITOS GENERATING STATION

On November 30, 2010, the State Water Resources Control Board (State Water Board) Executive Director issued a letter requiring the submittal of an Implementation Plan (Plan) by April 1, 2011. The letter outlined the required information to include in the Plan, including information on planned actions for compliance with the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Policy). If final compliance is not scheduled by October 1, 2015, interim mitigation measures must be identified in the Plan.

Due to the current uncertainty as to conditions identified in implementation plans previously submitted from the once-through cooling (OTC) power plants with near-term compliance deadlines, further information and data input is necessary to conduct grid reliability analyses to determine the impact on local and system reliability.

Pursuant to the Policy and California Water Code section 13383, the State Water Board requires AES-Southland (AES) to provide the most current information for Alamitos Generating Station if the following content is not up-to-date:

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

With the requested extended compliance dates, additional California Public Utilities Commission (CPUC) procurement authorization, and power purchase agreements in place, the preferred compliance approach will be via Track 1 of the Policy. AES Southland's current Plan requires the extension of compliance dates for Units 3 and 4 to end of 2023 and Units 1 and 2 to end of 2026. A formal request for extension of compliance dates must be presented to the Statewide Advisory Committee for Cooling Water Intake Structures. Please provide an update of compliance for Units 1, 2, 3, and 4 for the current compliance deadline of 2020.

In its November 8, 2013 response letter, AES indicated its intent to comply with Track 1 of the Policy and that achieving compliance for the six Alamitos generating units will occur in phases using dry-cooled natural gas fired combined cycle gas turbine (CCGT) power blocks which will eliminate the use of ocean water at the site. Units 5 and 6 can be retired

December 31, 2018 and December 31, 2019, respectively, assuming two new approximately 500 megawatts (MW) CCGT power blocks are ready for commercial operation in early 2019 and early 2020, respectively. This schedule assumes there can be an interruption in service for four months between the shutdown of the existing units and the commercial operation of the new CCGT power blocks.

On November 5, 2014, AES was awarded a Power Purchase Agreement contract for the Alamitos Energy Center, with different equipment, configuration, and fewer megawatts than the information submitted in the Application for Certification (AFC) to the California Energy Commission (CEC). December 2014 project status documents from the CEC siting case indicate AES is currently working toward filing a Supplemental Application for Certification.

2. Is the implementation plan submitted to the State Water Board current? If not, please provide detailed descriptions of any changes.
3. The State Water Board is aware that the Alamitos Generating Station has entered into a contract with the Southern California Edison (SCE) in response to the San Onofre outage and corresponding CPUC Decision 14-03-004. This contract is currently under review by the CPUC. Do the plans for OTC compliance assume that this contract will be approved? How will the plans for compliance change in the event that this contract is not approved by the CPUC?
4. What actions have been taken to obtain permits, contracts, or to meet other regulatory obligations to implement the compliance mechanisms identified above? What is the status of pending permits, including AFC with the CEC, application for a Permit to Construct and Title V permits with Southern California Air Quality Management District, interconnection requests with the California Independent System Operator?
5. Provide a detailed list of existing generation technologies, and capacity by unit. Indicate how this will be affected by the approval or denial of Alamitos' pending application to contract with SCE.

Submission of the above information is required no later than 60 days after 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 Dr. Maria de la Paz Carpio-Obeso, Chief of the Ocean Unit, at (916) 341-5858 (marielapaz.carpio-obeso@waterboards.ca.gov).

Sincerely,


Thomas Howard
Executive Director