

State Water Resources Control Board

DEC 16 2015

Mr. George L. Piantka
Director, Regulatory Environmental Service
NRG Energy, West Region
5790 Fleet Street
Carlsbad, CA 92008

Dear Mr. Piantka:

INFORMATION REQUIREMENTS FOR CARLSBAD GENERATING STATION

On November 30, 2010, by the State Water Resources Control Board's (State Water Board) Executive Director sent a letter requiring the submittal of an Implementation Plan (Plan) by April 1, 2011. The letter outlined mandatory information for the Plan, including actions for compliance with the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling [OTC] Policy). Since the final compliance by October 1, 2015 was not feasible, interim mitigation measures must be identified in the Plan. Due to the current uncertainty with the conditions identified in implementation plans previously submitted from the OTC power plants with a near-term compliance deadline, further information and data input is necessary to conduct grid reliability analysis to determine the impact on local and system reliability.

Pursuant to the OTC Policy and California Water Code section 13383, the State Water Board requires that NRG Energy (NRG) provide the most current information for Carlsbad Energy Center (Carlsbad) at the existing Encina site, 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, NRG 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 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 Dr. 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

DEC 16 2015

Attachment:

CARLSBAD GENERATING STATION (CARLSBAD)

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

In its original April 1, 2011 implementation plan, NRG proposed different approaches for the five units. For Units 1-3 (an aggregate of 318 megawatts (MW) capacity), NRG proposed repowering with a new flexible combined cycle facility, consisting of two combined cycle units with an aggregate capacity of 550 MW. NRG received a permit from the California Energy Commission (CEC) for such a facility in June 2012. For Units 4-5 (an aggregate of 632 MW), NRG proposed retrofitting these units pursuant to the Track 2 option to reduce environmental impacts. In 2013, NRG informed the State Water Board that it still plans to replace Units 1-3 with Carlsbad, but it no longer intends to pursue Track 2 compliance options. NRG will retire Units 4 and 5 no later than the final compliance date for Encina of December 31, 2017. NRG announced that it will seek to redesign Carlsbad as a set of peaking units, pursuant to an agreement reached among the company, the City of Carlsbad and San Diego Gas and Electric (SDG&E). NRG submitted a Petition to Amend to the CEC on May 2, 2014, to replace all five units plus a small combustion turbine at Encina with a 600 MW simple-cycle combustion gas turbine power plant. SDG&E has submitted an application (A. 14-07-009) to the California Public Utilities Commission (CPUC) for approval of a power purchase agreement with NRG. NRG noted that they do not intend to modify the existing compliance deadline of December 31, 2017, whether or not this application is approved. On May 21, 2015, the CPUC adopted a Decision which would approve 500 MW of the 600 MW originally requested and allocate the remaining 100 MW to preferred resources or energy storage. The Decision ordered SDG&E to file the revised contract within 30 days, which is currently under CPUC review.

Please respond to the following questions and requests for information:

1. What mechanism is being used to bring these units into compliance? NRG previously stated its intent to comply by retiring Units 1, 2, 3, 4, and 5 if or when the new Carlsbad Project comes online, or by December 31, 2017. Is this still the intent? How will the plans for compliance change in the event that the new Carlsbad is not developed?
2. What actions have been taken to obtain permits, obtain contracts or meet other regulatory obligations to implement the compliance mechanism identified above?
3. What will be the capacity of the facility once the new units are online and what is the likely timeframe for the new facility to be online?
4. What actions have been taken to obtain permits, obtain contracts or meet other regulatory obligations to implement the compliance mechanism identified above?
5. Please provide a detailed plan to achieve compliance with the required interim mitigation measures, including the status of all components.

6. Does NRG have a contingency plan for achieving compliance in the event that some part of the project is delayed, such as some recent filings for reconsideration with the CEC are granted? Please explain.
7. If the project is delayed, are the existing units able to continue operating if the State Water Board were to extend the compliance deadline? Please explain.