

State Water Resources Control Board

FEB 24 2015

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

Dear Mr. Piantka:

INFORMATION REQUIREMENTS FOR ENCINA POWER 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 NRG Energy (NRG) to provide the most current information for the Encina Power Station (EPS) if the following content is not up-to-date:

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

Cabrillo Power, LLC, owner and operator of EPS, continues to pursue Track 1 compliance for Units 1, 2, 3, 4 and 5. Cabrillo intends to achieve Track 1 compliance through the Carlsbad Energy Center Project (CECP). The CECP entails the retirement of steam boiler Units 1, 2, 3, 4, and 5 and the construction of 632 megawatts (MW) net nominal output of simple cycle combustion gas turbine power plant generation at the EPS site. Units 1, 2, 3, 4 and 5 would retire when the new generation comes online, or by December 31, 2017 – the current Policy compliance deadline for EPS.

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 implement the compliance mechanism identified above:

The California Energy Commission (CEC) approved a license for CECP (Docket 7-AFC-06) (Decision) on May 31, 2012 for 558 MW of air-cooled combined cycle electrical generation at the EPS site. NRG redesigned the CECP as a set of peaking units, pursuant to an agreement reached between the company, the City of Carlsbad, and San Diego Gas & Electric Company (SDG&E) in January 2014. On May 2, 2014, NRG submitted a Petition to Amend Certification to the CEC to redesign the CECP by requesting changes to the 07-AFC-06C Final Decision, including subsequent amendments and the Conditions of Certification that are currently in effect.

The CEC's May 31, 2012 Decision approving the CECP license enabled the San Diego Air Pollution Control District (SDAPCD) to issue the Authority to Construct (ATC), which was issued on June 25, 2012, but will need to be revised based on the redesign of CECP. The applicant filed a new ATC application on May 9, 2014. On December 12, 2014, the SDAPCD issued the Preliminary Determination of Compliance (PDOC) for the amended CECP. The PDOC states that the emissions increase is less than the Prevention of Significant Deterioration (PSD) modification thresholds and a PSD permit from U.S. Environmental Protection Agency (U.S. EPA) is not required. The CECP also intends to obtain a National Pollutant Discharge Elimination System (NPDES) permit for the discharge of wastewater. The NPDES application has been filed with San Diego Regional Water Quality Control Board.

Carlsbad Energy Center, LLC has entered into a power purchase agreement (PPA) with SDG&E. SDG&E has filed an application on July 21, 2014 with the California Public Utilities Commission (CPUC), for approval of a PPA between Carlsbad Energy Center, LLC and SDG&E, Application 14-07-009, Application of SDG&E (U 902 E) for Authority to Partially Fill the Local Capacity Requirement Need Identified in D.14-03-004 and enter into a Purchase Power Tolling Agreement with Carlsbad Energy Center, LLC.

3. 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 is the capacity of the repowered/replaced/retrofitted facility and what is the likely timeframe for the new facility to be online?

The State Water Board's current understanding is that the amended CECP will be a simple - cycle generating facility using six natural gas-fired, General Electric LMS100 combustion turbines with a 632 MW net nominal output.

5. The SDAPCD has determined in the PDOC that the amended CECP does not trigger the requirement for a PSD permit from U.S. EPA. Has NRG received any correspondence from U.S. EPA confirming their concurrence with this determination?

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