
State Water Resources Control Board

September 18, 2013

Mr. Peter Landreth
GenOn Delta, LLC
696 West 10th Street
P.O. Box 192
Pittsburg, CA 94565

Dear Mr. Landreth:

INFORMATION REQUIREMENTS FOR PITTSBURG GENERATING STATION

On November 30, 2010 a letter was sent out by the State Water Resources Control Board's (State Water Board) Executive Director 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 by October 1, 2015, is not feasible, 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 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 Policy and California Water Code section 13383, the State Water Board requires GenOn Delta to provide the most current information for Pittsburg Generating Station (Pittsburg) in the previously-submitted Plan if the following content is not up-to-date or is inaccurate:

1. What mechanism is being used to bring this unit into compliance?

In its April 1, 2011 Plan, GenOn Delta stated that it intends to comply by the prescribed deadline of December 31, 2017 through retrofitting OTC Units 5 and 6 to utilize the existing Unit 7 closed-cycle cooling system in conjunction with the retirement of Unit 7 itself. GenOn Delta has concluded that this retrofit project would be feasible from a technical, logistical, environmental, and permitting perspective. However, the project may be infeasible if GenOn Delta cannot secure sufficient contractual coverage that (1) ensures that the units will remain in service beyond 2017 (the compliance deadline in the Policy), and (2) provides a revenue stream sufficient to fund the costs of the retrofit project.

2. What actions have been taken to obtain permits, obtain contracts, or meet other regulatory obligations to implement the compliance mechanism identified above?

Unknown. GenOn Delta is currently in settlement discussions with the State Water Board staff.

3. What is the capacity of the repowered/replaced/retrofitted facility?

If retrofits are completed, the remaining capacity of Units 5 and 6 would likely be less than 660 Mega Watt's (MW).

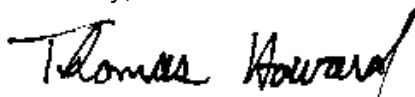
4. Are retirements covered by California Public Utilities Commission's authorized procurements?

The Pittsburg Generating Station is contracted through a tolling agreement with Pacific Gas & Electric through 2013, with an option to extend through 2015. If GenOn Delta cannot obtain contractual coverage beyond 2017, or if such a contract would not provide sufficient revenues to fund a retrofit to achieve compliance with the Policy, then GenOn Delta would be forced to retire Units 5 and 6. The California Independent System Operator's 2017 local capacity analysis, performed as part of the 2012-2013 transmission planning process, shows that the Pittsburg subarea no longer exists as a result of the assumed completion of four transmission system upgrades.¹ These upgrades should eliminate the local capacity needs that the Pittsburg units may help satisfy.

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 (jsbishop@waterboards.ca.gov) or Dr. Maria de la Paz Carpio-Obeso, Chief of the Ocean Unit, at (916) 341-5858 (mcarpio-obeso@waterboards.ca.gov).

Sincerely,



Thomas Howard
Executive Director

ECM# 1085031

¹ The ISO's 2017 local capacity study states that the Pittsburg subarea disappears with the completion of the Moraga #1 230/115 kV transformer replacement (expected to be completed by December 2015), Tesla-Pittsburg 230 kV lines reconductoring (expected to be in service by October 2015), Contra Costa-Moraga 230 kV reconductoring (expected in service by December 2014), and the Vaca Dixon – Lakeville 230 kV reconductoring project (expected to be in service by June 1, 2017).