



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

NOV 20 2017

Ms. Jennifer Didlo
President
AES-Southland
11 00 N. Harbor Drive
Redondo Beach, CA 90277

Dear Ms. Didlo:

**SUBJECT: GRID RELIABILITY INFORMATION REQUESTS FOR REDONDO BEACH
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 1.1 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 requests that AES-Southland (AES-SL) provide the most current information for Redondo Beach Generating Station (Redondo Beach), updated from the previously-submitted plan and respond to the questions in the attached document. Submission of the requested information is required no later than 60 days from the date of this letter.

Please note that a compliance date extension request requires an amendment to the OTC Policy, which takes a minimum of one year to process. Should 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 process a request.

Ms. Jennifer Didlo

- 2 -

Should you have any questions on this matter please feel free to contact Rebecca Fitzgerald, Chief of the Water Quality Standards and Assessment Section, at (916) 341-5775 Rebecca.Fitzgerald@waterboards.ca.gov or Maria de la Paz Carpio-Obeso, Chief of the Ocean Standards Unit, at (916) 341-5858 MarieleaPaz.Carpio-Obeso@waterboards.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Eileen Sobeck". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eileen Sobeck
Executive Director

Attachment

Attachment:

REDONDO BEACH GENERATING STATION

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

In its January 6, 2017 letter to the State Water Board, AES-SL stated its plan to comply with Track 1 of the OTC Policy for Redondo Beach. AES-SL proposes to retire Redondo Beach Unit 7 early on October 31, 2019, to provide emission offsets for the new Huntington Beach Energy Project. Redondo Beach Units 5, 6 and 8 are anticipated to be retired by December 31, 2020, its OTC Policy compliance date.

- The following is the State Water Board's current understanding of the actions taken to obtain permits and contracts, or meet other regulatory obligations to implement Track 1 compliance:

On November 6, 2015, AES-SL and the City of Redondo Beach, an intervener in the proceeding, jointly submitted a Petition for Suspension of the Application for Certification (AFC) (Docket No. 12-AFC-03) until August 1, 2016. AES-SL agreed to market the property to third parties or developer partners. On November 25, 2015, the California Energy Commission (CEC) Committee ordered the proceeding suspended without a specified end date. The CEC Committee, applicant, or other party can make a motion to reopen the proceeding. On August 12, 2016, AES-SL and the City of Redondo Beach, jointly submitted a Notice of Agreement to continue suspension of the AFC until February 1, 2017. February 2017 has passed, but no new updates have been provided to the CEC regarding the suspension.

AES-SL indicates the development of replacement generation at Redondo Beach is dependent upon obtaining nonrecourse financing backed by a long term Power Purchase Agreement with the local utility. To date, no contracting opportunities have concluded to enable nonrecourse financing for project development at Redondo Beach. AES-SL plans to comply with the OTC Policy by shutting down and retiring all Redondo Beach Units by December 31, 2020.

- The following is the State Water Board's current understanding of the status of the resource adequacy contract for Redondo Beach:

The resource adequacy contract for Redondo Beach between Southern California Edison and AES-SL that would extend the operation of Units 5, 6, and 8 through December 31, 2020, and Unit 7 through October 31, 2019, was denied by the California Public Utilities Commission. An alternative resolution E-4888 that also rejects the Redondo Beach contract was heard by the California Public Utilities Commission on September 28, 2017.

- Please respond to the following questions and requests for information:

1. Has any of the above information changed? If yes, please provide corrected information.
2. What is the status of the AFC suspension? Please explain.
3. Are there any contingencies that would cause a delay in OTC Policy compliance? If yes, please explain.

4. Does AES-SL plan to retire Redondo Beach Unit 7 earlier than October 31, 2019, or Redondo Beach Units 5, 6, or 8 earlier than December 31, 2020? If yes, please explain.
5. Is there any information from the negotiations with the City of Redondo Beach or any other information that the State Water Board should be made aware of?