

State Water Resources Control Board

DEC 16 2015

Ms. Jennifer Didlo
President
AES-Southland
1100 N. Harbor Drive
Redondo Beach, CA 90277

Dear Ms. Jennifer Didlo:

INFORMATION REQUIREMENTS FOR REDONDO BEACH GENERATING STATION

On November 30, 2010, 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 AES-Southland (AES-SL) provide the most current information for Redondo Beach Generating Station (Redondo Beach), 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 occur 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. The State Water Board requires a minimum of one year to process an OTC Policy compliance date deferral request.

Submission of requested the 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 MarieleaPaz.Carpio-Obeso@waterboards.ca.gov).

Sincerely,

A handwritten signature in blue ink that reads "Thomas Howard". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas Howard
Executive Director

Attachment:

REDONDO BEACH GENERATING STATION (REDONDO BEACH)

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

In the AES-SL letter to the State Board dated April 23, 2015, AES-SL stated its path to compliance for Redondo Beach as Track 1. AES-SL proposes to:

- Retire Redondo Beach Unit 5 early on August 31, 2019.
- Provide offsets for the new Alamitos Combined Cycle Gas Turbine (CCGT), and
- Retire Redondo Beach Units 6, 7, and 8 on December 31, 2020.

AES-SL is also pursuing approval for 496 megawatts (MW) CCGT that could potentially replace the existing Redondo Beach. However, it currently does not have a long-term Power Purchase Agreement. AES-SL also indicates that it plans to pursue alternatives that would allow continued operation of the existing units beyond the OTC compliance date, consistent with Track 1.

During a discussion on September 18, 2015 between AES-SL and California Independent System Operator staff, AES-SL proposed to retire Redondo Beach Unit 7 early on October 31, 2019, to provide emission offsets for the new Huntington Beach Energy Park (HBEP). The remaining Redondo Beach Units (5, 6, and 8) are anticipated to retire on December 31, 2020, in accordance with the OTC compliance date.

2. The following is the State Water Board's current understanding of the actions taken to obtain permits, contracts, or meet other regulatory obligations to implement the compliance mechanism identified above:

AES-SL submitted an Application for Certification (AFC), Docket No. 12-AFC-03, to the California Energy Commission (CEC) and an application for a revised Title V Permit and Permit to Construct the South Coast Air Quality Management District on November 21, 2012. The AFC was accepted as data adequate on August 27, 2013. CEC staff published the Preliminary Staff Assessment on July 28, 2014. On November 6, 2015, AES and the City of Redondo Beach submitted a Petition for Suspension to the CEC of the Application for Certification for the Redondo Beach Energy Project until August 1, 2016. Per an interim settlement agreement with the City of Redondo Beach, between November 3, 2015 and June 30, 2016, AES agrees to market the property to third parties or developer partners for non-industrial use only.

AES-SL has indicated that 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 that will enable nonrecourse financing for project development at Redondo Beach. AES-SL plans to comply with the OTC Policy by shutting down and retiring all units at Redondo Beach.

3. The information presented in Table 1 is the State Water Board's current understanding of the amount of capacity available during the summer peak period for 2019 through 2021 from the existing facilities and new facilities for Huntington Beach, Redondo Beach, and Alamitos.

Table 1
Summer Peak Capacity (MW)

Facility	Capacity	Compliance Date Per April 2015 Update	Commercial Operation Date	Summer Peak MW ⁵		
				2019	2020	2021
Huntington Beach 1 ¹	225	10/31/2019		225	0	0
Huntington Beach 2	225	12/31/2020		225	225	0
Redondo Beach 5	178	12/31/2020		178	178	0
Redondo Beach 6	175	12/31/2020		175	175	0
Redondo Beach 7 ¹	505	10/31/2019		505	0	0
Redondo Beach 8	495	12/31/2020		495	495	0
Alamitos 1 ²	175	12/31/2019		175	0	0
Alamitos 2 ²	175	12/31/2019		175	0	0
Alamitos 3	332	12/31/2020		332	332	0
Alamitos 4	335	12/31/2020		335	335	0
Alamitos 5 ²	498	12/31/2019		498	0	0
Alamitos 6	495	12/31/2020		495	495	0
New HBEP, CCGT	644		3/1/2020	0	644	644
New HBEP, SCGT ⁴	200		3 rd qtr. 2023	0	0	0
New AEC, CCGT	640		4/1/2020	0	640	640
Total				3,813	3,519	1,284

¹Units providing offsets for new Huntington Beach Energy Park (HBEP).

²Units providing offsets for new Alamitos Energy Center (AEC).

³Existing OTC units that are not providing emission offsets for the new Huntington Beach and Alamitos facilities are assumed to retire December 31, 2020.

⁴Simple cycle gas turbine commercial operation date expected third quarter 2023.

⁵Summer peak capacity is based on unit availability, June 1 through August 31.

Please respond to the following questions and requests for information:

1. If repowering of the new Huntington Beach Energy Park is delayed, will the early retirement of RB 7 also be delayed? Please explain.
2. Please elaborate on what alternatives AES-SL is considering to allow continued operation of RB 5, RB 6, and RB 8 beyond the OTC compliance date and an estimated timeline for making this assessment.
3. Please provide any update to the summer peak capacity accounting with your current retirement schedule.
4. Please explain how the Petition for Suspension of the Application for Certification for the Redondo Beach Energy Project will impact Redondo Beach Generating Station's OTC compliance plan.