

State Water Resources Control Board

DEC 16 2015

Ms. Jennifer Didlo
President
AES-Southland
690 North Studebaker Road
Long Beach, CA 90803

Dear Ms. Didlo:

INFORMATION REQUIREMENTS FOR ALAMITOS 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 Alamitos Generating Station (Alamitos) 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, 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 the requested information is required no later than 60 days from the date of this letter.

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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 Maria de la Paz Carpio-Obeso, Chief of the Ocean Standards Unit, at (916) 341-5858 MarielaPaz.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 long horizontal stroke at the end.

Thomas Howard
Executive Director

Attachment:

ALAMITOS GENERATING STATION (ALAMITOS)

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 Water Board dated April 23, 2015, AES-SL stated its path to compliance for Alamitos as Track 1. AES-SL proposes to repower Alamitos with a new 640 megawatts (MW) Combined Cycle Gas Turbine (CCGT), 400 MW of open cycle gas turbine peakers and 300 MW of battery energy storage. AES-SL was recently awarded a Power Purchase Agreement (PPA) for a 640 MW CCGT and 100 MW of battery storage with a commercial operation date of June 1, 2020. AES-SL proposes to:

- Retire Alamitos Unit 5 on November 30, 2019.
- Derate Alamitos Unit 1 to 136 MW on December 1, 2019.
- Provide emission offsets for the new Alamitos Energy Center (AEC).
- Retire Alamitos Unit 6 on July 31, 2019.
- Provide offsets for the new Huntington Beach Energy Park (HBEP), and
- Retire Alamitos Units 2, 3, and 4 on December 31, 2020

AES-SL expects Alamitos will be in compliance before December 31, 2020. AES-SL proposes to retire Alamitos Units 1, 2, and 5 on December 31, 2019, and provide emission offsets for the new Alamitos Energy Center. The early retirement of Alamitos Units 1, 2, and 5 appears tied to providing offsets, rather than retiring early to enable construction of the new facility.

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:

AES-SL submitted an Application for Certification (AFC), Docket No. 13-AFC-01, to the California Energy Commission (CEC) and an application for a Permit to Construct and Operate with Title V modification to the South Coast Air Quality Management District (SCAQMD) in December 2013 for the development of the AEC. However, AES-SL indicates they plan to submit permit amendments to the CEC, and provide new applications to the SCAQMD and the City of Long Beach for a revised AEC that consists of a 640 MW CCGT, 400 MW of open cycle gas turbine peakers and 300 MW of battery energy storage for a total of 1,340 MW of capacity.

Southern California Edison (SCE) publicly announced that AES-SL had been selected in the 2013 Local Capacity Requirements Request for Offers to provide 640 MW of nominal capacity at the Alamitos site. SCE's pending contract with AES-SL is under California Public Utilities Commission review. The PPA for the combined cycle facility at AEC is for a two-in-one facility, with a total net capacity of 640 MW. AES-SL indicates they will use the capacity from Alamitos 1, 2, and 5 to provide offsets for AEC. The total amount of capacity is sufficient to cover the 640 MW CCGT but not the 400 MW of peakers. The State Water Board staff is not clear whether offsets must be provided for the entire project in which case other units may need to shut down early.

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.

²Units providing offsets for new 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. When does AES-SL anticipate the first fire and testing of AEC?
2. When is commercial operation expected of the new facility?
3. If there is a delay in repowering, will the early retirement of Alamitos units 1, 2, and 5 also be delayed? Please explain.
4. Please identify any period with a disruption in service between the shutdown of existing units and the commercial operation date of the new units.

5. Please explain and verify that the new facility can be built without demolishing any of the existing units.
6. Can AES-SL confirm its understanding of SCAQMD's application of Rule 1304(a) (2) and whether other units may need to shut down early to provide offsets, or whether offsets for the second phase can be provided at a later time? Please explain.
7. Please provide any update to the summer peak capacity accounting within your current retirement schedule.