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APR 24 2015

DIVISION OF WATER QUALITY

April 23, 2015

Mr. Thomas Howard
Executive Director
State Water Resources Board
Division of Water Quality, 15th Floor
1001 I Street
Sacramento, CA 95814

Re: Once-Through Cooling Policy Implementation Plan Update for Encina Power Station, NPDES CA0001350, Order R9-2006-0043; Letter dated February 24, 2015

Dear Mr. Howard,

Cabrillo Power I LLC (Cabrillo), owner of the Encina Power Station (EPS) and wholly owned subsidiary of NRG Energy, Inc. (NRG), submits its response to the State Water Resources Control Board's (SWRCB) February 24, 2015 letter in which the SWRCB requested the most current information for EPS pursuant to the Use of Coastal and Estuarine Water for Power Plant Cooling (Policy) and California Water Code §13383. Cabrillo reported the future compliance mechanisms and electrical generation goals to the SWRCB in letters submitted January 30, 2013 and November 7, 2013. Cabrillo respectfully re-states and clarifies its position to the questions, which were posed by the SWRCB in the February 24, 2015 letter.

1. *The SWRCB stated its current understanding of the mechanism being used to bring each unit into compliance.*

The SWRCB's current understanding is essentially correct. Cabrillo will achieve Track 1 compliance by retiring Units 1, 2, 3, 4 and 5 by the compliance deadline of December 31, 2017. Carlsbad Energy Center LLC, likewise a wholly owned subsidiary of NRG, intends to replace Units 1-5 with the Carlsbad Energy Center Project (CECP) at the eastern portion of EPS. Carlsbad Energy Center LLC filed a Petition to Amend (PTA) its previously California Energy Commission-approved license in May 2014; the PTA is referred to as the Amended Carlsbad Energy Center Project (ACECP) (Docket 07-AFC-06). The ACECP includes the construction of six natural gas-fired, General Electric LMS 100 combustion turbines with a 632 MW nominal output (an estimated 600 MW nominal net), and the decommissioning and demolition of existing EPS Units 1 through 5. The CEC is expected to issue a Presiding Member's Proposed Decision for the proposed ACECP license in May 2015. With the retirement of all five EPS units on or before the

December 31, 2017 Policy compliance deadline and subsequent demolition of EPS, the ACECP provides a future redevelopment pathway for the EPS site.

2. *The SWRCB stated its current understanding of the actions taken to obtain permits, obtain contracts or meet other regulatory obligations to implement the compliance mechanism identified above.*

The SWRCB's current understanding is correct. Carlsbad Energy Center LLC has taken actions to obtain permits, meet other regulatory obligations, and obtain contracts. The CEC issued its Final Staff Assessment for the ACECP on February 17, 2015 and Air Quality Errata and Complete Proposed Conditions of Certification on April 16, 2015 which incorporate public written comments and comments during the April 1-2, 2015 Evidentiary Hearings. The San Diego Air Pollution Control District (District) issued the revised Final Determination of Compliance (FDOC) on April 17, 2015 which incorporates public comments from Carlsbad Energy Center LLC, CEC staff, and other parties to the ACECP. The expected regulatory obligations are documented in the Proposed Conditions of Certification and the FDOC; these regulatory obligations would not come into effect unless the Presiding Member's Proposed Decision recommends approval of ACECP and the full Commission votes in support by a majority decision (e.g., three of the five Commissioners vote to approve ACECP). With respect to actions to obtain a contract, Carlsbad Energy Center LLC has before the California Public Utilities Commission Application A.14-07-009, seeking approval of a Power Purchase Tolling Agreement

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?*

Cabrillo's OTC compliance plans are neither contingent nor related to the contractual discussions currently being held with the CPUC. Cabrillo has stated previously to SWRCB and in testimony at CPUC proceedings that it plans to retire Units 1, 2, 3, 4, and 5 when the new generation comes online or by December 31, 2017, whichever is sooner. The current Policy compliance deadline of December 31, 2017 for EPS will not change if the contract is not approved by the CPUC. Regardless of the status of the ACECP, Cabrillo intends to retire EPS no later than December 31, 2017 and does not seek an extension of this deadline.

A Proposed Decision (PD) was issued by the CPUC's assigned administrative law judge (ALJ) on March 6, 2015. The PD recommended denial of SDG&E's application for authority to enter into a PPTA with Carlsbad Energy Center LLC. On April 6, 2015, CPUC President Picker issued an Alternate Proposed Decision (APD) that would conditionally approve SDG&E's application. The two conditions in the APD would require SDG&E (1) to procure 500 MW from the ACECP, instead of the 600 MW as identified in the existing PPTA, and (2) to allocate the residual 100 MW to SDG&E's obligation to procure preferred resources or energy storage. Neither the PD nor the APD affect the SDAPCD permitting and CEC licensing of the ACECP, nor the timeline for these respective regulatory obligations.

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4. What is the capacity of the repowered/replaced/retrofitted facility and what is the likely time frame for the new facility to be online?

The SWRCB is correct in their understanding that the ACECP will be a simple cycle generating facility using six natural gas-fired, General Electric LMS 100 combustion turbines with a 632 MW nominal output, or an estimated 600 MW nominal net output. As previously mentioned, the APD would approve SDG&E's procurement of 500 MW of natural gas generation from Carlsbad Energy Center LLC. Adoption of the APD would not alter the configuration of the ACECP before the CEC and SDAPCD, and will not affect the timeline for construction and commercial online date of November 1, 2017.

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

Cabrillo has not received correspondence from the U. S. EPA confirming their concurrence that the ACECP does not trigger the requirement for a PSD permit, nor is this communication needed. SDAPCD has conducted New Source Review following its regulations and concluded that the ACECP is not subject to PSD requirements.

I anticipate the above information has addressed the SWRCB's questions regarding Encina Power Station's Implementation Plan. If you have any questions, comments, or concerns, please do not hesitate to contact me at george.piantka@nrg.com or (760) 710-2156, or Jerry Carter at jerry.carter@nrg.com or (760) 268-4011.

Sincerely,
Cabrillo Power I LLC



George L. Piantka, PE
Director, Regulatory Environmental Services
NRG Energy, West Region

cc: Jerry Carter, Cabrillo Power I LLC
Sheila Henika, Cabrillo Power I LLC
Peter Landreth, NRG West Region
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