



**Mandalay Generating Station**  
393 N. Harbor Blvd.  
Oxnard, CA 93035  
Phone: (805) 984-5201  
Fax: (805) 984-5295

April 23, 2015

RECEIVED

APR 24 2015

DIVISION OF WATER QUALITY

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

**Re: Once-Through Cooling Policy Implementation Plan Update for Mandalay Generating Station; Letter dated February 24, 2015**

Dear Mr. Howard,

NRG California South LP, owner of the Mandalay Generating Station (MGS), 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 MGS pursuant to the Use of Coastal and Estuarine Water for Power Plant Cooling (Policy) and California Water Code §13383. NRG California South LP reported the future compliance mechanisms and electrical generation goals to the SWRCB in letters submitted January 30, 2013 and November 7, 2013. NRG California South LP respectfully re-states, updates, 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 correct. NRG California South LP continues to pursue Track 1 compliance for Units 1 and 2 with the replacement and redevelopment of the MGS facility. Currently, NRG California South LP intends to achieve Track 1 compliance for Units 1 and 2 by retiring them and replacing them with the Puente Power Project (P3) by the December 31, 2020 Policy compliance deadline.

Irrespective of the proposed development of P3, the cooling system for MGS Units 1 and 2 must be modified to comply with the Policy compliance date of December 31, 2020. If P3 is approved and developed as stated previously, MGS Units 1 and 2 would retire shortly before P3 entered into service. If P3 is not approved, then MGS would investigate other Track 1 or Track 2 compliance mechanisms to comply with the Policy.

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.*

Southern California Edison (SCE) issued the 2013 Local Capacity Requirements Request for Offers (LCR RFO) in accordance with CPUC Decision D. 13-02-05 for the Moorpark Sub-Area (Track 1) in September 2013. SCE sought to procure between 215 and 290 MW of electrical capacity in the Moorpark Sub-Area of the Big Creek/Ventura local reliability area to meet long-term local capacity requirements by 2021.

In November 2014, NRG Energy Center Oxnard LLC, an affiliate of NRG California South LP, was awarded a contract with SCE to replace MGS Units 1 and 2 with P3, a 262 MW of state-of-the-art, flexible and efficient natural gas-fired combustion turbine (General Electric 7HA.01) at the site of the existing MGS facility. NRG Energy Center Oxnard LLC has entered into a 20-year Resource Adequacy Purchase Agreement with SCE.

With respect to environmental permits, NRG Energy Center Oxnard LLC filed its Application for Certification (AFC) with the California Energy Commission (CEC) on April 15, 2015 and its Authority to Construct/Determination of Compliance application with the Ventura County Air Pollution Control District (VCAPCD) on March 19, 2015. The CEC will follow its prescribed licensing process in accordance with the Warren-Alquist Act. The VCAPCD will process an Authority to Construct/Determination of Compliance (DOC) application as part of the proposed modification of the existing MGS Title V facility permit. NRG Energy Center Oxnard LLC expects to complete the CEC/VCAPCD permitting process for P3 in 2017.

*3. What is the schedule for the repowering of Units 1 and 2?*

Construction of P3 is expected to occur over a 21-month period (from October 2018 through June 2020).

*4. Will the Policy affect the future operation of the non-OTC 130-MW gas turbine peaking Unit 3?*

MGS Unit 3 is a jet-engine-powered unit that was commissioned in 1970, and has a generating capacity of approximately 130 MW. It is not a steam boiler that relies on once-through-cooling, and therefore not affected by the Policy. Unit 3 will continue to operate.

*5. Has a determination been made whether or not a Prevention of Significant Deterioration (PSD) will be required for the 262-MW NRG Energy Center Oxnard LLC – Puente Power Project?*

P3 would not be subject to PSD requirements based on the analysis of the potential to emit for the proposed natural-gas combustion turbine offset by the baseline emissions of existing Units 1 and 2 and ancillary equipment which will be replaced by P3. .

*6. For non-attainment air pollutants that trigger VCAPCD New Source Review (NSR) offset requirements, has NRG Energy Center Oxnard LLC – Puente Power Project procured sufficient emission reduction credits to offset the emissions associated with P3?*

Under applicable VCAPCD rules, and based on the characteristics of the proposed P3, the proposed new equipment would have a net increase of more than 25 tons per year of NO<sub>x</sub> (but less than PSD thresholds) and would therefore trigger emission offset requirements. As documented in the ATC/DOC, 40.4 tons per year of NO<sub>x</sub> emission offset credits would be provided for P3, accounting for offset surplus per the air district rules. NRG Energy Center Oxnard LLC currently controls the necessary amount of NO<sub>x</sub> emission offsets. The appropriate amount of NO<sub>x</sub> emission offsets credits will be surrendered to the VCAPCD prior to construction of P3.

I anticipate the above information has addressed the SWRCB's questions regarding Mandalay's Implementation Plan. If you have any questions, comments, or concerns, please do not hesitate to contact me at [george.piantka@nrg.com](mailto:george.piantka@nrg.com) or (760) 710-2156, or Peter Landreth at [peter.landreth@nrg.com](mailto:peter.landreth@nrg.com) or (415) 627-1641.

Sincerely,  
NRG California South LP



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

**Mr. Thomas Howard**  
**April 23, 2015**  
**Page 3 of 3**

**cc: Tom Di Ciolli, Mandalay**  
**Peter Landreth, NRG West Region**  
**Timothy Sisk, NRG West Region**  
**Julie Babcock, NRG West Region**

