

Department of Water and Power



the City of Los Angeles

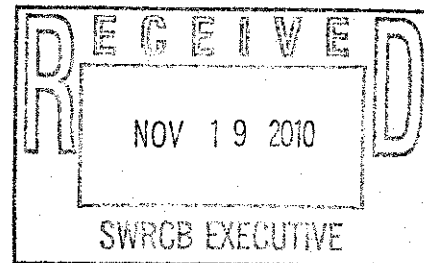
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November 19, 2010

Ms. Jeanine Townsend  
Clerk to the Board  
State Water Resources Control Board  
1001 I Street, 24<sup>th</sup> Floor  
Sacramento, CA 95814



Dear Ms. Townsend:

Subject: Comment Letter – Once-Through-Cooling (OTC) Policy Amendment

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to comment on the draft proposed Amendment to the Water Quality Control Policy on the Use of Coastal and Estuarine Water for Power Plant Cooling (Amendment). LADWP is committed to a **total elimination of OTC**, which exceeds the goals of the recently-adopted Statewide Policy. LADWP believes the State Water Resources Control Board (SWRCB) staff has crafted a balanced proposal with compliance options that benefit all stakeholders and the environment, and therefore strongly supports adoption of this Amendment.

LADWP commends SWRCB staff for investing the time and resources necessary to develop an Amendment that clearly specifies how facilities can meet the goals of the Clean Water Act and the recently adopted SWRCB OTC policy, while allowing a financially sustainable path forward. As a vertically integrated, publicly owned utility, LADWP must balance numerous mandates: the need to operate in an environmentally-sensitive manner, provide cost-efficient power to our ratepayers, and ensure grid reliability. This Amendment allows such considerations. Without this option, LADWP could not afford to simultaneously achieve 33 percent renewables by 2020, comply with SB 1368 (Green House Gas emission levels for imported power), significantly reduce CO<sub>2</sub> emissions, reduce its coal portfolio, and meet the current SWRCB OTC Policy deadlines.

To date, LADWP has reduced its original OTC fleet from 14 to 9 units. LADWP is about to embark on a three phase repowering program that will completely eliminate OTC

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usage. The first phase will remove three more units from OTC by 2013 and 2015, representing LADWP's largest capital investments to date: approximately \$1.3 billion. LADWP has switched the repower of Scattergood Generating Station (SGS) Units 1 and 2 with SGS Unit 3, increasing capital outlay by \$100 million, but also increasing the reduction of OTC by 10 percent. At the conclusion of Phase 1, LADWP's overall use of OTC will be reduced by 56 percent. Phase 2 entails removing four more units from OTC, reducing total OTC usage by 82 percent. During the third and final phase, two recently repowered units will be removed from OTC, for a 100 percent reduction.

During the time period that LADWP is working toward total elimination of OTC, LADWP's dedication to environmental stewardship also requires other significant investments:

- ◆ LADWP's draft Integrated Resource Plan (IRP) and CARB regulations call for 33 percent renewables by 2020, which will entail installation of 320 MW of geothermal, 630 MW of solar, and 580 MW of wind, during the OTC policy implementation period of 2011 to 2020.
- ◆ To comply with SB 1368 and reduce CO<sub>2</sub> emissions, LADWP has committed to replace the power provided through its contract with a coal-fired power plant with clean power, prior to the contract expiration in 2019.

The financial outlay for the programs bulleted above, during this time period (2011 – 2020), will be between \$8 and \$10 billion. All of which is shouldered by our ratepayers.

This is why this amendment with its extended compliance schedule is so critical to our city. The Amendment *does* take into consideration the financial impacts associated with the Policy, but it does not in any way, reduce LADWP's obligations or responsibilities to adhere to the administrative process for all approvals. LADWP's extended compliance plan must still be submitted for SWRCB approval through the standard public review process.

Further, this Amendment requires firm commitments during the interim period (until the facility has eliminated OTC). These interim commitments include pilot studies overseen by the SWRCB and an expert review panel, installation of alternative technologies, and mitigation funding, to commence immediately. These interim mitigation measures are designed to enhance marine environment protections and offset impacts resulting from extended OTC compliance schedules.

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LADWP appreciates that SWRCB staff has taken the time and dedicated the resources necessary to understand the impacts posed by the adopted OTC policy, and therefore the necessity of this Amendment.

We would also like to take this opportunity to make the following corrections to two documents pertaining to the proposed Amendment. The corrected text is shown in bold-face.

Section 1 (Summary of the Policy Amendment) of the Draft Staff Report (third paragraph, Page 2), and the first paragraph of Page 2 of the Notice for Public Comment state: "The affected facilities with combined-cycle power-generating units are Haynes Generating Station (Units 9 and 10), Harbor Generating Station (Unit 8) and Moss Landing Power Plants (Units 1 and 2)."

The above should be changed to read: "The affected facilities with combined-cycle power-generating units are Haynes Generating Station (**Unit 8**), Harbor Generating Station (**Unit 5**) and Moss Landing Power Plants (Units 1 and 2)."

Again, LADWP appreciates the opportunity to comment, and looks forward to working with the SWRCB on this Amendment. If you have any questions regarding these comments, please contact Ms. Lorraine A. Paskett, Senior Assistant General Manager of Sustainability Programs and External Affairs, at 213-367-0926 or Ms. Katherine Rubin, Manager of Wastewater Quality and Compliance, at (213) 367-0436.

Sincerely,

  
Austin Beutner

KR:db

c: Mr. Charlie Hoppin, Chairman, SWRCB  
Ms. Fran Spivy-Weber, Vice Chair, SWRCB  
Ms. Tam Dudoc, SWRCB  
Mr. Art Baggett, SWRCB  
Ms. Lorraine A. Paskett  
Ms. Katherine Rubin