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*General Manager*

November 7, 2012

Mr. Thomas Howard  
Executive Director  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814

Dear Mr. Howard:

Subject: Agreement and Clarification on State Water Resources Control Board's Information Request to the Los Angeles Department of Water and Power (LADWP) Regarding the Implementation of the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling

LADWP wants to thank the State Water Resources Control Board (State Board) and its staff for inviting LADWP to the Inter Agency Working Group (IAWG) meeting on August 17, 2012. As stated in your letter (request letter), dated July 10, 2012, that requests additional information pursuant to the Policy and Water Code section 13383, the IAWG meeting was to discuss and establish clear expectations about the information request.

As we stated during the meeting, LADWP had a concern with the request letter: as discussed in your request letter, the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS) was convened by the State Board to ensure that compliance dates, and any changes to these dates, would not disrupt the electrical power supply. Although the request letter also stated that SACCWIS recommended deferring a decision on modifying LADWP's compliance dates to a later date, it did not mention SACCWIS' conclusion that LADWP's implementation plan to comply with the State Water Board's Cooling Water Policy did not appear to negatively impact the local area and grid reliability, as compared with the existing compliance schedule in the Cooling Water Policy. (Ref.: SACCWIS Resolution No. 2011-0001 dated July 5, 2011, page 2, paragraph #4).

With regards to the additional information request, State Board staff and LADWP staff have agreed that the information required is as stated in LADWP's email dated September 7, 2012 (Enclosure 1). However, in the response email from your staff,

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111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700  
Telephone: (213) 367-4211 Cable address: DEWAPOLA



dated October 4, 2012, (Enclosure 2) while State Board staff agreed with LADWP, there was one significant exception noted, which reads as follows:

“...there would not be anything to discuss if LADWP did not do a quantitative analysis of the impacts of Study 2 differences resulting from energy policies. CAISO does not seem to hold the same position on your argument for the Study 2 requirement. CEC has agreed to hold this requirement until it is requested for the end of 2013 for SACCWIS to review in 2014.”

LADWP respectfully disagrees with this statement. First, CAISO does not disagree with LADWP's argument regarding Study 2 as stated in our September 7 email and as discussed at the IAWG meeting. The discussion at the meeting regarding Study 2 focused on the energy policies such as Demand Response, Combined Heat and Power (CHP), Energy Efficiency (EE), Distributed Generation (DG), and renewables (wind and solar), and why these policies do not provide dependable capacity or meet the NERC and FERC grid reliability requirements. CAISO has mentioned that these programs may lower demand, but that the effect cannot be adequately forecasted at this time for locational planning purposes because of the severe locational requirements and the uncertainty of the characteristics of these programs.

CAISO agreed with LADWP that the energy programs do not provide dependable capacity and also stated that studies with DG, wind, solar, CHP, and EE integrated into a capacity study are considered “sensitivity studies and uncommitted” and that DG, wind, solar, CHP and EE do not provide dependable local capacity and voltage support for the grid system. This is also LADWP's stated position and why a quantitative analysis cannot be done and only a qualitative analysis should be provided for Study 2. Secondly, the statement that a quantitative analysis will be done in 2013 for SACCWIS to review in 2014 was not agreed upon at the meeting. LADWP will not provide information that will in any way compromise or risk its grid system. LADWP discussed this at the IAWG meeting, and at the close of the meeting it was agreed that the qualitative analysis would suffice. The policy requires the additional information request to be completed by December 31, 2012 to enable the State Board to make any determinations by 2013. LADWP is complying with this requirement.

LADWP believes that the current (and long-standing) outage of the San Onofre Nuclear Generating Station (SONGS) which provides power to the Orange County/San Diego area of the Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E) systems is an excellent example of why existing transmission system configurations and generation locations are critical to system reliability. CAISO's local capacity in the Orange County/San Diego area was drastically reduced when the SONGS plant was unexpectedly shut down in January 2012. The shortage of capacity was most critical this past summer and in order to make up for the lost capacity, mothballed OTC units located at the AES Huntington Beach plant were brought back on line. Even with these units back in service CAISO's local capacity was marginal. CAISO and LADWP



discussed if LADWP could provide assistance; however, since CAISO had a locational capacity deficiency in its southern area, LADWP was not able to meaningfully assist. This is because the only way to deliver the energy to those areas where CAISO's locational energy supply was marginal, was through existing interconnections to CAISO's already congested transmission paths. LADWP may be able to assist with a general capacity shortage on the CAISO system but not for a locational shortage in the CAISO southern portion. The areas where LADWP can deliver power to meet SCE or SDG&E territory needs from the north end of the LADWP system ultimately relies on the same congested transmission paths that limit the CAISO from relying extensively on power supplies from other locations outside of the SDG&E and SCE systems that are otherwise served by SONGS.

SONGS illustrates the type of emergency that reinforces the need to maintain local capacity, including some additional reserve capacity to compensate for an unexpected outage in order to meet grid reliability as required by FERC. This same situation of limited ability to rely broadly upon other generation sources exists within LADWP. This is why energy efficiency within our system, non-dispatchable renewable energy, demand response, and even generation from our nearest other in-basin gas-fired plants cannot meet the same locational supply purpose as each of our coastal generating plants. LADWP has factored its worst case contingencies into its planning process as required by FERC and NERC standards. The Amended OTC Policy 2029 dates are absolutely necessary, as these dates provide for the time needed to integrate the energy policies and allow for the elimination of OTC without sacrificing locational capacity and grid reliability.

As stated by Mr. Nichols at the July 19, 2011 hearing, LADWP has agreed upon a compliance schedule that fulfills its responsibility toward its rate payers, allows for a sustainable path forward, and maintains grid reliability. This schedule is the most aggressive and as short as possible, provided that all elements proceed as planned.

In closing, LADWP has no disagreement with supplying the additional information as agreed upon at the IAWG meeting and confirmed in the enclosed emails from LADWP and State Board staff. However, it will not supply information that it considers to be fictitious or that may be misconstrued or taken dangerously out-of-context by an interested public and result in a commitment that sacrifices the reliability of power supply to the 4 million residents of Los Angeles. The request for a quantitative analysis from the CEC IAWG staff member for Study 2 does just that - creates information that can be dangerously misconstrued. Dr. Mohammed Beshir of LADWP explained at the IAWG meeting, the conceptual difference between dependable capacity and energy which is not readily understood to non-utility professionals. After his discussion, it appeared that all those present at the meeting understood why LADWP could only put forth a qualitative analysis.

Mr. Thomas Howard  
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LADWP looks forward to working with you and your staff, as it moves forward with complying with the Policy.

If you have any questions, please feel free to contact Ms. Katherine Rubin of my staff at 213-367-0436.

Sincerely,



Mr. Mark J. Sedlacek  
Director, Environmental Affairs

Enclosures

- c: Mr. Charlie Hoppin – Chairman, State Water Resources Control Board (SWRCB)
- Ms. Fran Spivy Weber – Vice-Chair, SWRCB
- Ms. Tam Doduc – Member, SWRCB
- Mr. Steve Moore - Member, SWRCB
- Ms. Felicia Marcus – Member, SWRCB
- Mr. Jonathan Bishop – Deputy, SWRCB
- Ms. Marleigh Wood – Senior Staff Counsel, SWRCB
- Mr. Neil Millar – SACCWIS member, CAISO
- Mr. David Peterson – IAWG, CAISO
- Mr. David Le – IAWG, CAISO
- Mr. Robert Oglesby – SACCWIS member, CEC
- Mr. Mike Jaesky – IAWG, CEC
- Ms. Mariela Paz Carpio-Obeso - SWRCB
- Ms. Shuka Rastegarpour - SWRCB
- Ms. Katherine Rubin

Enclosure 1

Email dated September 7, 2012 from LADWP staff to State Board staff

**Rubin, Katherine**

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**From:** Rubin, Katherine  
**Sent:** Friday, September 07, 2012 4:24 PM  
**To:** 'Rastegarpour, Shuka@Waterboards'  
**Cc:** 'Carpio-Obeso, MarielaPaz@Waterboards'; Sedlacek, Mark; Beshir, Mohammed; Lyman, Michelle; Minassian, Vaughn  
**Subject:** RE: update

<b>Tracking: Recipient</b>	<b>Read</b>
'Rastegarpour, Shuka@Waterboards'	
'Carpio-Obeso, MarielaPaz@Waterboards'	
Sedlacek, Mark	Read: 9/7/2012 4:43 PM
Beshir, Mohammed	
Lyman, Michelle	
Minassian, Vaughn	

Hi Shuka,

LADWP appreciated meeting with the Inter agency working group (IAWG) on August 17, 2012, in regards to the information request letter dated July 2012. It is LADWP's understanding that the following information listed below will fulfill the information request and will be submitted by December 31, 2012 to the State Board:

Study 1 items a, c, and d – are included in the 2011 IRP which will be provided.

Study 1 item b – the AB1318 report will suffice with adjustments made by LADWP staff to address 2012.

Study 2 – As the same with CAISO who treats these programs as highly sensitive and uncommitted, LADWP will provide a qualitative analysis since these programs do not provide dependable capacity and the information is sensitive and should not be used for any type of load capacity analysis or be used out of context.

Study 3 items a and b – will be an explanation of the transmission 10-year plan, that has been submitted.  
 Study 3 item c – LADWP will add a discussion to its 10-year plan on additional upgrades.

Study 4 – LADWP will provide conclusions/observations

Please let me know if your notes are consistent with my list above. If you have any questions please feel free to contact me,

Thank you,  
 Katherine

Katherine Rubin  
 Manager Wastewater Quality and Compliance  
 Los Angeles Department of Water and Power  
 111 North Hope Street, Rm. 1213  
 Los Angeles, CA 90012  
 Ph: 213-367-0436  
 Fx: 213-367-3297  
 krubin@ladwp.com

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**From:** Rubin, Katherine

11/8/2012



**Sent:** Tuesday, September 04, 2012 11:26 AM  
**To:** 'Rastegarpour, Shuka@Waterboards'  
**Cc:** Carpio-Obeso, MarielaPaz@Waterboards  
**Subject:** RE: update

Hi Shuka,

Yes I owe this to you, I will draft an email and send to you right away and follow with the letter.

Thanks,  
Katherine

Katherine Rubin  
Manager Wastewater Quality and Compliance  
Los Angeles Department of Water and Power  
111 North Hope Street, Rm. 1213  
Los Angeles, CA 90012  
Ph: 213-367-0436  
Fx: 213-367-3297  
krubin@ladwp.com

---

**From:** Rastegarpour, Shuka@Waterboards [mailto:Shuka.Rastegarpour@waterboards.ca.gov]  
**Sent:** Tuesday, September 04, 2012 11:13 AM  
**To:** Rubin, Katherine  
**Cc:** Carpio-Obeso, MarielaPaz@Waterboards  
**Subject:** update

Hi Katherine,

I would like an update from you since our meeting last month. From what I recall, I was to wait until I received a letter confirming LADWP'S understanding of the study requirements of the information request letter. Please let me know of the status, and when we at Water Board should expect to receive it so that we can continue with the process.

Thanks so much,

- Shuka

\*\*\*\*\*

Shuka Rastegarpour  
Environmental Scientist  
Ocean Standards Unit/ Division of Water Quality  
State Water Resources Control Board  
California Environmental Protection Agency  
(916) 341-5576

Enclosure 2

Email dated October 4, 2012 from State Board staff to LADWP staff



**Rubin, Katherine**

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**From:** Rastegarpour, Shuka@Waterboards [Shuka.Rastegarpour@waterboards.ca.gov]  
**Sent:** Thursday, October 04, 2012 3:47 PM  
**To:** Rubin, Katherine  
**Cc:** Carpio-Obeso, MarielaPaz@Waterboards; Gregorio, Dominic@Waterboards; Jaske, Mike@Energy  
**Subject:** RE: update

Hi Katherine,

Coming back from my meeting with Dominic and Mariela, it's been decided that LADWP will submit the work according to the information request exactly as you've stated below in this email thread. A qualitative analysis of Study 2 may be completed. As mentioned in the letter sent from the Water Board on July 10, 2012 this information is due by December 31, 2012.

As agreed, please submit your response letter as soon as possible.

It has been discussed, that there won't be anything for SACCWIS to use if LADWP doesn't do a quantitative analysis of the impacts of Study 2 differences resulting from energy policies. CAISO does not seem to hold the same position on your argument for the Study 2 requirement. CEC has agreed to hold this requirement until it is requested for the end of 2013 for SACCWIS to review in 2014.

- Shuka

\*\*\*\*\*

Shuka Rastegarpour  
Environmental Scientist  
Ocean Standards Unit/ Division of Water Quality  
State Water Resources Control Board  
California Environmental Protection Agency  
(916) 341-5576

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**From:** Rubin, Katherine [mailto:Katherine.Rubin@WATER.LADWP.com]  
**Sent:** Friday, September 28, 2012 3:28 PM  
**To:** Rastegarpour, Shuka@Waterboards  
**Cc:** Carpio-Obeso, MarielaPaz@Waterboards; Sedlacek, Mark; Beshir, Mohammed; Lyman, Michelle; Minassian, Vaughn; Gregorio, Dominic@Waterboards; Bishop, Jonathan@Waterboards  
**Subject:** RE: update

Hi Shuka,

It was good to speak with you today, as we agreed, I will either call you or you will call me within two weeks. By that time, you will hopefully have had a chance to speak with Dominic and Jonathan, as I mentioned on the phone, LADWP has begun to work on the additional information request and will have the information that I have listed in my email below, ready for submittal to the State Board by December 31, 2012.

Best,  
Katherine

10/22/2012

Katherine Rubin  
Manager Wastewater Quality and Compliance  
Los Angeles Department of Water and Power  
111 North Hope Street, Rm. 1213  
Los Angeles, CA 90012  
Ph: 213-367-0436  
Fx: 213-367-3297  
[krubin@ladwp.com](mailto:krubin@ladwp.com)

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**From:** Rastegarpour, Shuka@Waterboards [<mailto:Shuka.Rastegarpour@waterboards.ca.gov>]  
**Sent:** Monday, September 10, 2012 8:20 AM  
**To:** Rubin, Katherine  
**Cc:** Carpio-Obeso, MarielaPaz@Waterboards; Sedlacek, Mark; Beshir, Mohammed; Lyman, Michelle; Minassian, Vaughn  
**Subject:** RE: update

Thanks Katherine, I'll get back to you.

- Shuka

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Shuka Rastegarpour  
Environmental Scientist  
Ocean Standards Unit/ Division of Water Quality  
State Water Resources Control Board  
California Environmental Protection Agency  
(916) 341-5576

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**Sent:** Friday, September 07, 2012 4:24 PM  
**To:** Rastegarpour, Shuka@Waterboards  
**Cc:** Carpio-Obeso, MarielaPaz@Waterboards; Sedlacek, Mark; Beshir, Mohammed; Lyman, Michelle; Minassian, Vaughn  
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10/22/2012

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- Shuka

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