



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

JUL 25 2018

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

Dear Ms. Didlo:

RE: INVOICE FOR THE 2016-2017 INTERIM MITIGATION PERIOD FOR HUNTINGTON BEACH GENERATING STATION - ONCE-THROUGH COOLING POLICY

This letter serves as an invoice for Huntington Beach Generating Station's interim mitigation payment during the operating period of October 1, 2016 through September 30, 2017 (2016-2017 interim mitigation period). The Final Determination calculating the interim mitigation payment is included as Attachment A.

The State Water Resources Control Board (State Water Board) Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling or OTC Policy) requires owners or operators of existing power plants to implement measures to mitigate interim impingement and entrainment impacts resulting from their cooling water intake structures. The interim mitigation period commenced on October 1, 2015 and continues up to and until owners or operators achieve final compliance with the OTC Policy. Section 2.C(3) of the OTC Policy provides options for demonstrating compliance with the interim mitigation requirements.

As stated in the 2015-2016 Final Determination for Huntington Beach Generating Station¹, AES Southland elected to comply with interim mitigation requirements in Section option 2.C(3)(a) and 2.C(3)(b) of the OTC Policy. Option 2.C(3)(a) demonstrates compliance with the interim mitigation requirements by compensating for impingement and entrainment impacts through existing mitigation efforts and 2.C(3)(b) by providing funding to the Ocean Protection Council or California Coastal Conservancy to fund an appropriate mitigation project.

The State Water Board calculated the interim mitigation payment for the 2016-2017 interim mitigation period using information provided by AES Southland in their March 23, 2018

¹ 2015-2016 Final Determination for Huntington Beach Generating Station:
https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/docs/huntington_1516mitigation_letter.pdf

JUL 25 2018

information response letter². The annual interim mitigation payment is the sum of three components: an entrainment payment, an impingement payment, and a management and monitoring payment. The interim mitigation payment for Huntington Beach Generating Station for the operating period of October 1, 2016 through September 30, 2017 is \$11,089.97.

AES Southland has 60 days from receipt of this letter to make this payment to the Natural Resources Agency's Ocean Protection Council. When submitting this payment, include a cover letter that identifies the National Pollution Discharge Elimination System number for Huntington Beach Generating Station and copy Karen Mogus, Director of the Division of Water Quality at the State Water Board. Please make the check payable to the Natural Resources Agency and send to:

California Natural Resources Agency
Attn: Jenn Eckerle
1416 9th Street, Suite 1311
Sacramento, CA 95814
Reference Account: Ocean Protection Trust Fund

If you have questions regarding this invoice letter, please contact Julie Johnson at (916) 341-5687 (Julie.Johnson@waterboards.ca.gov) or Katherine Faick at (916) 445-2317 (Katherine.Faick@waterboards.ca.gov).

Sincerely,



Eileen Sobeck
Executive Director

Enclosure:

Attachment A - Final Determination for Huntington Beach Generating Station

cc: Ms. Deborah Halberstadt
Executive Director
Ocean Protection Council
1416 9th Street, Suite 1311
Sacramento, CA 95814

Ms. Jenn Eckerle
Deputy Director
Ocean Protection Council
1416 9th Street, Suite 1311
Sacramento, CA 95814

² AES Southland's March 23, 2018 Information Response Letter:
https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/powerplants/huntington_beach/docs/huntington_1617inforequest_resp.pdf

Ms. Jennifer Didlo

JUL 25 2018

cc via email:

Mr. Weikko Wirta, Weikko.Wirta@aes.com

Mr. Jonathan Bishop, Johnathan.Bishop@waterboards.ca.gov

Ms. Karen Mogus, Karen.Mogus@waterboards.ca.gov

Mr. Michael Lauffer, Michael.Lauffer@waterboards.ca.gov

Ms. Marleigh Wood, Marleigh.Wood@waterboards.ca.gov

Mr. Paul Hann, Paul.Hann@waterboards.ca.gov

Ms. Rebecca Fitzgerald, Rebecca.Fitzgerald@waterboards.ca.gov

Ms. Hope A. Smythe, Hope.Smythe@waterboards.ca.gov

Attachment A – Final Determination for Huntington Beach Generating Station

**FINAL DETERMINATION TO APPROVE MITIGATION MEASURES
FOR THE WATER QUALITY CONTROL POLICY ON THE USE OF
COASTAL AND ESTUARINE WATERS FOR POWER PLANT COOLING:**

**HUNTINGTON BEACH GENERATING STATION
OCTOBER 2016 THROUGH SEPTEMBER 2017**

Interim Mitigation Requirements and Determinations

The State Water Resources Control Board's (State Water Board) Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling [OTC] Policy) requires owners or operators of existing power plants to implement measures to mitigate interim impingement and entrainment impacts resulting from their cooling water intake structures. The interim mitigation period commenced on October 1, 2015, and continues up to and until owners or operators achieve final compliance with the OTC Policy.

The State Water Board approved Huntington Beach Generating Station's request to comply with a combination of the interim mitigation measures described in Section 2.C(3)(a), Section 2.C(3)(b), and Section 2.C(3)(e) of the OTC Policy in the Final Determination¹ for the October 1, 2015, to September 30, 2016, interim mitigation period (2015-2016 Final Determination). The 2015-2016 Final Determination also included the interim mitigation payment for the period of October 2015 through September 2016, comprised of an entrainment fee, an impingement fee, and a management and monitoring fee, consistent with Resolution No. 2015-0057² and the recommendations in the Expert Review Panel's Final Report³.

The State Water Board calculated Huntington Beach Generating Station's interim mitigation payment for October 1, 2016, through September 30, 2017, consistent with the methods and calculations applied in the 2015-2016 Final Determination.

Interim Mitigation Payment Calculation for Huntington Beach Generation Station

Entrainment Payment Calculation

To calculate the interim mitigation payment to offset entrainment impacts, the State Water Board used the default average cost of entrainment. Consistent with Resolution No. 2015-0057 and the Expert Review Panel's Final Report, the State Water Board used a three percent escalator to update the average cost of entrainment from the 2015-2016 Final Determination to 2017 dollars to account for inflation. The resulting average default entrainment cost for October 2016 through September 2017 increased from \$4.73 per million gallons (MG) to \$4.87/MG:

¹ State Water Board 2015-2016 Final Determination for Huntington Beach Generating Station.

<https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/docs/huntington_1516mitigation_letter.pdf>

² State Water Board Resolution No. 2015-0057.

<https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2015/rs2015_0057.pdf>

³ Final Report from the Expert Review Panel.

<https://www.waterboards.ca.gov/water_issues/programs/ocean/desalination/docs/erp_intake052512.pdf>

$$(\$4.73/MG \times 0.03) + \$4.73/MG = \$4.87/MG$$

In their March 23, 2018 letter⁴, AES Southland provided the intake volume for units one and two from October 2016 through September 2017, totaling 48,167.62 MG. The State Water Board verified intake volume with the data submitted in the National Pollution Discharge Elimination System permit monitoring reports for Huntington Beach Generating Station. Consistent with the 2015-2016 Final Determination, total intake volume was refined to account for existing mitigation efforts pursuant to Section 2.C(3)(a) of the OTC Policy, resulting in a reduction of the total intake volume by 46,272.875 MG.

To calculate the entrainment payment, the State Water Board multiplied the refined intake volume by the updated average default cost of entrainment:

$$\$4.87/MG \times (48,167.618 MG - 46,272.875 MG) = \$9,227.40$$

Impingement Payment Calculation

In their March 23, 2018 letter, AES Southland provided an estimate of fish impingement biomass for units one and two from October 2016 to September 2017, totaling 17.8 pounds. AES Southland calculated its estimate of fish impingement by using the flow for the 2016-2017 mitigation period and an estimated impingement rate based on the final three years of impingement data collection. The State Water Board calculated the impingement payment using the estimated total pounds of fish impinged multiplied by the average indirect economic value of the fisheries as determined in the Expert Review Panel's Final Report of \$0.80 per pound:

$$\$0.80/pound \times 17.8 pounds = \$14.24$$

Management and Monitoring Payment Calculation

The State Water Board calculated the management and monitoring fee by taking twenty percent of the sum of the entrainment and impingement payments:

$$0.20 \times (\$9,227.40 + \$14.24) = \$1,848.33$$

State Water Board's Final Determination for Huntington Beach Generating Station

Based on the sum of the entrainment, impingement, and management and monitoring payment calculations, the total payment is \$11,089.97 to fulfill the interim mitigation obligation for AES Southland's Huntington Beach Generating Station for the operating period of October 1, 2016, to September 30, 2017.

$$\$9,227.40 + \$14.24 + \$1,848.33 = \$11,089.97$$

⁴ Letter from Weikko Wirta, AES Southland, to Karen Larsen, State Water Board on March 23, 2018.
<https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/powerplants/huntington_beach/docs/huntington_1617inforequest_resp.pdf>