CALIFORNIA
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SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

DEC 16 2015

Ms. Jennifer Didlo
President
AES-Southland
21730 Newland Street
Huntington Beach, CA 92646

Dear Ms. Didlo:

INFORMATION REQUIREMENTS FOR HUNTINGTON BEACH GENERATING STATION

On November 30, 2010, the State Water Resources Control Board's (State Water Board) Executive Director sent a letter requiring the submittal of an Implementation Plan (Plan) by April 1, 2011. The letter outlined mandatory information for the Plan, including actions for compliance with the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling [OTC] Policy). Since the final compliance by October 1, 2015 was not feasible, interim mitigation measures must be identified in the Plan. Due to the current uncertainty with the conditions identified in implementation plans previously submitted from the OTC power plants with a near-term compliance deadline, further information and data input is necessary to conduct grid reliability analysis to determine the impact on local and system reliability.

Pursuant to the OTC Policy and California Water Code section 13383, the State Water Board requires that AES-Southland (AES-SL) provide the most current information for Huntington Beach Generating Station (Huntington Beach) updated from the previously-submitted Plan (See attachment).

Please note that a compliance date extension request requires an amendment to the OTC Policy. If and when circumstances that require an extension occur, AES-SL must submit a formal request for State Water Board consideration of an amendment to the compliance date set forth in the OTC Policy, along with supporting documentation. Please allow adequate time for the State Water Board to process a request. The State Water Board requires a minimum of one year to process an OTC Policy compliance date deferral request.

Submission of the requested information is required no later than 60 days from the date of this letter.

Should you have any questions on this matter please feel free to contact Mr. Jonathan Bishop, Chief Deputy Director, at (916) 341-5820 Jonathan.Bishop@waterboards.ca.gov or Dr. Maria de la Paz Carpio-Obeso, Chief of the Ocean Standards Unit, at (916) 341-5858 MarielaPaz.Carpio-Obeso@waterboards.ca.gov.

Sincerely,

Thomas Howard
Executive Director

Attachment:

HUNTINGTON BEACH GENERATING STATION (HUNTINGTON BEACH)

1. The following is the State Water Board's current understanding of the proposed mechanism to bring each unit into compliance:

   In the AES-SL letter to the State Water Board dated April 23, 2015, AES-SL stated its path to compliance for Huntington Beach as Track 1. AES-SL proposes to repower Huntington Beach with a new 644 megawatts (MW) Combined Cycle Gas Turbine (CCGT) and two 100 MW open cycle gas turbine peakers. Huntington Beach was recently awarded a Power Purchase Agreement (PPA) with Southern California Edison (SCE) for a 644 MW CCGT with a commercial operation date of May 1, 2020. AES-SL proposes to:
   - Retire Huntington Beach Unit 1 (HB 1) early on October 31, 2019.
   - Provide emission offsets for the new Huntington Beach Energy Project (HBEP) and Huntington Beach Unit 2 (HB 2) on December 31, 2020.

   AES-SL expects Huntington Beach will be in compliance before December 31, 2020.

2. The following is the State Water Board's current understanding of the actions taken to obtain permits, obtain contracts, or meet other regulatory obligations to implement the compliance mechanism identified above:

   AES-SL submitted an Application for Certification (AFC), Docket No. 12-AFC-02, with the California Energy Commission (CEC) on June 27, 2012, seeking permission to construct and operate the new HBEP, a 939 MW combined-cycle power generation facility, to be located entirely within the footprint of Huntington Beach. On October 29, 2014, the CEC approved AFC for the new HBEP.

   After the CEC issued the new HBEP Final Decision, SCE publicly announced that AES-SL had been selected in the 2013 Local Capacity Requirements Request for Offers to provide 644 MW of nominal capacity at the Huntington Beach site. A Petition to Amend (PTA) was received on September 14, 2015, to change the technology to a 644 MW combined-cycle and 200 MW simple-cycle peakers.

   AES-SL originally proposed to retire Redondo Beach Generating Station (Redondo Beach) Units 6 and 8 to provide emission offsets for the new HBEP. In the AES-SL letter to the SWRCB dated April 23, 2015, AES-SL proposes to retire Alamitos Generating Station (Alamitos) Unit 6 early on July 31, 2019, to provide emission offsets, and indicates that the unit must be shut down prior to first fire of the new HBEP. AES-SL indicates that some of the existing units will need to shut down prior to the OTC compliance date.

   In AES-SL's PTA, AES-SL plans to utilize Rule 1304(a)(2) offset exemption by retiring HB 1 (215 MW) and Redondo Beach Unit 7 (480 MW). The PTA also states existing HB 1 will be retired in the fourth quarter of 2019 to provide interconnection capacity for the new CCGT units and HB 2 will be retired either after commercial operation of the new HBEP Simple Cycle Gas Turbine (SCGT) or at the final compliance deadline for OTC intake structures as determined by the State Water Board, after which demolition of HB 1 and HB 2 will commence.

SCE's pending contract with AES-SL is under California Public Utilities Commission's review. The PPA for combined cycle facility at Huntington Beach is for a two-on-one facility, with a total net capacity of 644 MW. The total amount of capacity (HB 1 and Redondo Beach Unit 7 or HB 1) is sufficient to cover the 644 MW CCGT but not the 200 MW of peakers. The State Water Board staff is not clear whether offsets must be provided and identified for the entire project in which case other units may need to shut down early.

3. The information presented in Table 1 is the State Water Board's current understanding of the amount of capacity available during the summer peak period for 2019 through 2021 from the existing facilities and new facilities for Huntington Beach, Redondo Beach, and Alamitos.

Table 1
Summer Peak Capacity (MW)

Facility	Capacity	Compliance Date Per April 2015 Update	Commercial Operation Date	Summer Peak MW[5]		
				2019	2020	2021
Huntington Beach 1[1]	225	10/31/2019		225	0	0
Huntington Beach 2	225	12/31/2020		225	225	0
Redondo Beach 5	178	12/31/2020		178	178	0
Redondo Beach 6	175	12/31/2020		175	175	0
Redondo Beach 7[1]	505	10/31/2019		505	0	0
Redondo Beach 8	495	12/31/2020		495	495	0
Alamitos 1[2]	175	12/31/2019		175	0	0
Alamitos 2[2]	175	12/31/2019		175	0	0
Alamitos 3	332	12/31/2020		332	332	0
Alamitos 4	335	12/31/2020		335	335	0
Alamitos 5[2]	498	12/31/2019		498	0	0
Alamitos 6	495	12/31/2020		495	495	0
New HBEP, CCGT	644		3/1/2020	0	644	644
New HBEP, SCGT[4]	200		3rd qtr. 2023	0	0	0
New AEC, CCGT	640		4/1/2020	0	640	640
Total				3,813	3,519	1,284

[1] Units providing offsets for new Huntington Beach Energy Park.
[2] Units providing offsets for new Alamitos Energy Center.
[3] Existing OTC units that are not providing emission offsets for the new Huntington Beach and Alamitos facilities are assumed to retire December 31, 2020.
[4] Simple cycle gas turbine commercial operation date expected third quarter 2023.
[5] Summer peak capacity is based on unit availability, June 1 through August 31.

Please respond to the following questions and requests for information:

1. When does AES-SL anticipate first fire and testing of the new HBEP?
2. When is commercial operation of the new facility expected?
3. Please provide an updated schedule of the retirements and the specific units that will be used to qualify for the offset exemption under Rule 1304(a)(2).
4. If there is a delay in repowering, will the early retirement of Huntington Beach Unit 1 and Redondo Beach Unit 7 also be delayed? Please explain.
5. Please identify any period with a disruption in service between the shut down of existing units and the commercial operation date of the new units.
6. Is it correct that Huntington Beach Unit 1 needs to shut down early in order to provide interconnect capacity? Please explain.

7. Please provide any update to the compliance plans for Huntington Beach Unit 2.

8. Can AES-SL confirm its understanding of South Coast Air Quality Management District's application of Rule 1304(a)(2) and whether other units may need to shut down early to provide offsets for the entire facility or whether offsets for the second phase can be provided at a later time? Please explain.

9. Please provide any update to the summer peak capacity accounting with your current retirement schedule, presuming that the compliance and repowering schedules proceed according to your proposed plan.