

State Water Resources Control Board

SEP 26 2016

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

Dear Ms. Didlo:

ONCE-THROUGH COOLING INTERIM MITIGATION REQUIREMENTS FOR HUNTINGTON BEACH GENERATING STATION

On May 4, 2010, the State Water Resources Control Board (State Water Board) adopted the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Policy). The Policy establishes technology-based requirements to implement federal Clean Water Act section 316(b) provisions to reduce harmful effects on marine and estuarine life associated with cooling water intake structures. Section 2.C(3) of the Policy requires owners or operators of existing power plants to implement measures to mitigate the interim impingement and entrainment impacts resulting from their cooling water intake structures. Interim mitigation requirements became effective on October 1, 2015 and are in place until the owner or operator achieves final compliance with Policy requirements.

The Policy provides the following options for power plant owners and operators to demonstrate compliance with interim mitigation requirements:

- Option A: Demonstrate compensation for the interim impingement and entrainment impacts through existing mitigation efforts (Policy, § 2.C(3)(a)).
- Option B: Provide funding to the California Coastal Conservancy (Coastal Conservancy), working with the Ocean Protection Council, to fund an appropriate mitigation project (Policy, § 2.C(3)(b)).
- Option C: Develop and implement a mitigation project for the facility to compensate for interim impingement and compensation impacts (Policy, § 2.C(3)(c)).

On August 18, 2015, the State Water Board adopted Resolution 2015-0057, delegating authority to its Executive Director to approve proposed measures for power plant owners or operators to comply with interim mitigation on a case-by-case basis. Resolution 2015-0057 also includes fee calculation procedures for power plants that implement interim mitigation per Option B. All draft determinations of the Executive Director on mitigation measures are posted for a 20-day public comment period and circulated to persons who have requested public notice on matters related to the Policy.

Huntington Beach Generating Station (HBGS) Implementation Plan

In the 2011 Implementation Plan for Huntington Beach Generating Station (HBGS), AES-Southland proposes to comply with interim mitigation by implementing a combination of Option A and B. Option A consists of an existing mitigated wetland project, and per its Implementation Plan, AES-Southland has mitigated for an average once-through-cooling flow of 126.8 million gallons per day, which is equivalent to 46,282 million gallons per year. AES-Southland proposes that any volume of once-through-cooling flow after October 1, 2015 in excess of 46,282 million gallons per year will be mitigated through Option B.

Implementation of Option B provides funding to the Coastal Conservancy, working with the Ocean Protection Council, for mitigation projects directed toward increases in marine life associated with the state's marine protected areas in the geographic region of the facility. State Water Board staff is working with the Coastal Conservancy to determine how interim mitigation fees will be received and how the fees will be applied toward appropriate mitigation projects. As described in Resolution 2015-0057 and its corresponding Information Sheet, the State Water Board will calculate interim mitigation fees based on recommendations from the Expert Review Panel on minimizing and mitigating intake impacts from power plants and desalination facilities (ERP II). The mitigation fee will be calculated to equal the sum of three components: an entrainment fee, an impingement fee, and a management and monitoring fee.

Entrainment Fee

Default Method

Per Resolution 2015-0057, when site-specific entrainment data are available for use by a power plant owner or operator, the Executive Director shall determine whether these data are suitable for calculating a specific habitat production foregone (HPF) for that plant. If no site-specific entrainment data are available, or if the Executive Director determines that the available entrainment data are not suitable for calculating a specific HPF for that plant, the default method of calculating a power plant's annual entrainment fee will apply. The default method considers the average cost estimate for entrainment of \$4.60 per million gallons (MG) and the plant-specific annual intake volume (MG), and as stated in Resolution 2015-0057, the average cost estimate value will be updated annually to account for inflation. The default calculation is as follows:

$$\text{Annual Entrainment Fee} = (\$4.60 \text{ per MG}) \times (\text{annual intake volume in MG})$$

If the Executive Director approves Option A, the annual intake volume may be reduced by an equivalent volume of the previous mitigated wetland project.

Site-Specific HPF Method

If valid entrainment data representative of current operations are available, the power plant may determine that it is more appropriate for the entrainment cost to be based on a cost assessment of the HPF values. Valid entrainment data must meet the following thresholds:

- **Duration:** The duration of the data collection and study must be at least 12 consecutive months of entrainment and source water sampling. Paired samples (i.e., entrainment, source water) of larval concentration should occur at least every month with more frequent sampling being more desirable.

- **Species:** Assessed species must be representative of the suite of species entrained by the power plant's operations. Specifically, studies should include representative life histories for entrained species. Some of the life history attributes include larval duration, habitat associations, and larval size.
- **Spatial design:** The spatial design of the sampling program must include entrainment sites (real or proposed) and reference sites that will provide information about larval concentration in the source water body.
- **Oceanographic condition:** The spatial and temporal sampling design must be adequate to capture the typical oceanographic conditions affecting larval abundance and movement.

In addition to ensuring adequacy of entrainment and source water sampling of larval concentration, the power plant must demonstrate how source water bodies for entrained species are determined using an appropriate oceanographic model.

The conditions above ensure consistency with the Policy's requirement for studies to use the HPF method along with an Empirical Transport Model (ETM) for estimating entrainment impacts (Policy, § 2.C(3)(d)). The power plant may use an ETM to estimate the source water body and proportional mortality, which are used to estimate HPF. Subsequently, the power plant may convert HPF into an actual cost of entrainment. State Water Board staff will determine whether the entrainment data are suitable for calculating a specific HPF for an individual power plant.

Data Needed for Entrainment Fee

If available, AES-Southland must submit suitable entrainment data, which are representative of current operations at HBGS to the State Water Board, and meet the criteria described above. If suitable entrainment data are not available, staff will use the default method to calculate the entrainment fee. HBGS' current NPDES Permit CA0001163 Order R8-2014-0076 requires monitoring of intake flows. Staff will use these flows and days of operation to represent the intake volume and calculate the interim mitigation fee. To confirm the volume data submitted in the discharge monitoring reports are complete and accurate, AES-Southland must submit HBGS' monthly and total intake volume for the operating period of October 1, 2015 to September 30, 2016 to the State Water Board by December 1, 2016. The report should state the number of days for which data was collected to arrive at the monthly volume, and if data was reported for fewer than 100% of the days in the month, an explanation should be provided for the omission of such data. In addition, AES-Southland must record monthly total intake volumes at HBGS for each year of interim mitigation until the compliance date of December 31, 2020 so that these volumes will be available for use in the annual entrainment fee calculations.

Impingement Fee

The State Water Board will calculate the impingement fee using each plant's annual estimate of fishes impinged (pounds) together with the value for fishes estimated from catch totals and the average indirect economic value of the fisheries as determined in ERP II's final report (\$0.80 per pound). Calculation of the annual impingement fee is shown below:

Annual Impingement Fee = (average of annual impingement totals of fishes in pounds) X
(\$0.80 per pound)

Data Needed for Impingement Fee

AES-Southland must submit estimates of annual impingement of fishes at the HBGS. AES-Southland must report the estimate of impingement for the operating period of October 1, 2015 to September 30, 2016 to the State Water Board for calculation of the 2015-2016 impingement fee for the HBGS if the estimate is available. In addition, AES-Southland must report to the State Water Board multiple estimates from previous years if estimates are available. State Water Board staff may take an average of the annual impingement estimates and use the average to calculate annual impingement fees.

Management and Monitoring Fee

After recent discussions with the Coastal Conservancy, State Water Board staff has concluded that a 20 percent management and monitoring fee is appropriate to cover the variability in actual management and monitoring costs. The 20 percent will be based on the sum of the entrainment and impingement fees. Thus, AES-Southland does not need to submit additional data for the calculation of the management and monitoring fee. Calculation of the management and monitoring fee is shown below:

Management and Monitoring Fee = 0.20 x (entrainment fee + impingement fee)

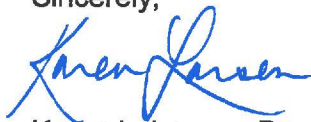
Upon the submittal of the data necessary to calculate interim mitigation fees, State Water Board staff will perform the calculations and notify the owners or operators of their 2015 - 2016 fees and procedures for payment of fees. (The current interim mitigation fees cover the operating period of October 1, 2015 to September 30, 2016.) These fees will be due on **April 1, 2017**. State Water Board staff is resolving details about the payment process with the Coastal Conservancy, and will issue a subsequent letter when the payment process is finalized.

Based on the above, please submit the following information applicable to your facility to the State Water Board by **December 1, 2016**:

1. Valid entrainment data, if available;
2. Monthly and total intake volume for October 1, 2015 through September 30, 2016;
3. Explanation and data used to justify that the previous mitigated wetland project amounts to an equivalent volume of 46,282 million gallons per year; and
4. Actual annual impingement data in total pounds of fishes impinged from October 1, 2015 through September 30, 2016, or the annual total fishes impinged on previous years.

If you have any questions, please contact Renan Jauregui of our Division of Water Quality NPDES Unit at (916) 341-5505 (Renan.Jauregui@waterboards.ca.gov) or Katherine Faick of our Ocean Unit at (916) 445-2317 (Katherine.Faick@waterboards.ca.gov).

Sincerely,



Karen L. Larsen, Deputy Director
Division of Water Quality

cc: Mr. Kurt Berchtold, Executive Officer
Santa Ana Regional Water Quality Control Board
3737 Main Street, Suite 500-5th Floor
Riverside, CA 92501