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July 27, 2015

California Energy Commission
Dockets Unit, MS-4
Docket No. 08-AFC-7C
1516 Ninth Street
Sacramento, California 95814-5512

Subject: GWF Tracy Combined Cycle Power Plant (08-AFC-7C)
Comments on Staff Analysis of Petition for Approval of Alternative Water Supplies

GWF Tracy, LLC (GWF) has reviewed California Energy Commission (CEC) Staff's July 13, 2015 analysis (Staff Analysis) of GWF's Petition for Approval of Alternative Water Supplies (Petition). GWF appreciates Staff's prompt review of the Petition and analysis of the proposed alternative water supplies. GWF proposes some relatively minor changes to proposed Revised Condition Soil&Water-4 which specifies the conditions under which the proposed alternative water supplies can be utilized. Specifically, GWF requests that the Bogetti Water and the GE Water be equally available alternatives in the event that neither canal water nor recycled water is available. GWF also requests some flexibility in the timing of implementation of any water conservation plan necessary to offset pumping from the Bogetti well. The reasons for these requested changes, and a redline of proposed revised Soil&Water-4 reflecting these changes, are set forth below.

At the time the Petition was filed on June 26, 2015, GWF had only recently been informed by the Byron Bethany Irrigation District (BBID) that water supplied to GWF via the Delta-Mendota Canal would likely be curtailed. Furthermore, GWF was informed that the curtailment was likely to occur as soon as July 1, 2015. GWF therefore believed that it was necessary to immediately identify and obtain approval for the use of alternative water supplies. Thus, GWF identified four alternative water supplies and filed the Petition requesting expedited approval pursuant to the authority granted to the Executive Director by the Commission's May 13, 2015 Order to "delegate[e] to the Executive Director the authority to approve amendment petitions filed for the purpose of securing alternate water supplies necessary for continued power plant operation," as authorized by the Governor's Executive Order B-29-15.¹

Given the limited time between learning of the potential water supply curtailment and the filing of the Petition, GWF was not able to fully develop and analyze the alternative water

¹ See California Energy Commission, May 13, 2015 Business Meeting, Item 3 (ALTERNATIVE WATER SUPPLY FOR POWER PLANT OPERATION), approved with a 5-0 vote.
http://www.energy.ca.gov/business_meetings/2015_minutes/2015-05-13_minutes.pdf.

supplies. While GWF believed that all four alternatives were capable of being implemented, it did not know with certainty that all of the alternatives were feasible, and it had not analyzed the details of implementing the alternatives. GWF also did not have any specific information related to the costs of the alternatives. For these reasons, GWF simply asked that all four alternatives be approved without prioritizing the alternatives or setting any specific order for implementation so that GWF would have flexibility to implement the alternative (or alternatives) that proved to be most feasible and economic.

During the course of Staff's analysis of the Petition, and particularly during conversations with the United States Bureau of Reclamation (Bureau), Staff came to believe that the curtailment was not as imminent as GWF believed at the time the Petition was filed. Staff also determined to process the Petition pursuant to Title 20 California Code of Regulations, Section 1769, as opposed to the May 13, 2015 Order. These developments provided additional time for Staff and GWF to more fully evaluate the alternatives, including potential environmental impacts, policy considerations, ease of implementation and cost. This further evaluation confirmed that all four alternatives can be implemented in accordance with applicable laws, ordinances, regulations and standards (LORS) and in a manner that does not result in any significant environmental impacts. However, this further evaluation also led Staff and GWF to develop preferences for certain alternatives over others. Staff's preferences are reflected in the ordering specified in proposed revised Soil&Water-4 contained in the Staff Analysis.

Staff believes that recycled water from the City of Tracy wastewater treatment plant (Tracy Recycled Water) should be the first priority alternative. GWF understands Staff's preference for the Tracy Recycled Water as the first priority alternative based on applicable policy considerations and the CEC's long-standing preference for use of recycled water for power plant cooling. GWF is prepared to proceed with this as the first priority alternative in the event that BBID canal water is not available, as recommended by Staff, and will work assiduously with the City of Tracy to secure access to Tracy Recycled Water. GWF also agrees that water trucked from the GWF Henrietta Power Plant is the least preferred alternative given the distance over which the water would have to be transported.

Where GWF and the Staff differ is in the relative merits of water obtained from GE's San Jose plant (GE Water) over water obtained from the agricultural well located adjacent to the GWF Tracy Facility (Bogetti Water). In the event that neither BBID canal water nor Tracy Recycled Water is available, Staff has identified a preference for GE Water over Bogetti Water. Based on the additional information that GWF now has, it recommends eliminating this preference and making the GE Water and the Bogetti Water equally available alternatives with no predetermined preference for one over the other. This recommendation is based on policy and environmental considerations.

Policy Considerations

Since the source of both the GE Water and the Bogetti water is groundwater, both alternatives are equally compliant with CEC policy regarding use of fresh water for power plant cooling. Neither alternative would be utilized unless it had been determined that neither BBID canal water nor Tracy Recycled Water was available. Thus, use of either alternative would

comply with CEC policy and the GE Water is not superior to the Bogetti Water in this respect. In fact, the GE Water is potable water from municipal wells, and is higher in quality than the Bogetti Water which is shallow aquifer water not well suited as potable supply. Thus, the Bogetti Water is arguably superior to the GE Water in terms of conformance with CEC policy.

Environmental Considerations

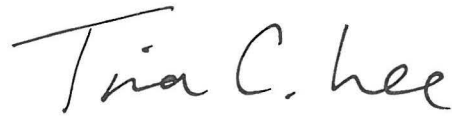
Staff has expressed concerns that there may be a potentially significant cumulative impact to the Tracy Groundwater Subbasin as a result of the incremental pumping of Bogetti Water to serve GWF Tracy. The Bogetti well has a flow rate of approximately 2,400 gallons per minute; whereas GWF Tracy's levelized requirement under peak summer dispatch is approximately 37 gallons per minute (i.e., 1.5% of the well's flow rate). Currently, the Bogetti well can produce approximately 1,800 acre-feet per year of water; whereas GWF Tracy's expected consumption is 25-30 acre-feet per year (average 2013-2014). Further, because the Bogetti Water would be used only to the extent surface water is curtailed and Tracy Recycled Water is not available, it is extremely unlikely that water consumption from the Bogetti well would ever approach this level. Thus, the incremental demands placed on the well as a result of serving GWF Tracy are de minimis and Staff's concerns are misplaced.

Furthermore, GWF commissioned an Alternative Water Availability Assessment from GEI Consultants which was completed in April 2015 (Assessment), and attached to the Petition. The Assessment analyzed the impacts, including draw down on the water basin, associated with installing a new groundwater well on the GWF Tracy Facility site and concluded that operating such a well at the level needed to serve the needs of the project would have no significant effects on the environment or water resources. Given the proximity of the Bogetti well to the GWF Tracy Facility site, one can conclude based on the results of the Assessment that the minimal incremental demand placed on the Bogetti well would have no significant effects. Notwithstanding this conclusion, GWF is prepared to accept Staff's recommendation that water conservation measures be implemented for the benefit of the Tracy Groundwater Subbasin to offset any pumping from the Bogetti well, although GWF has proposed some minor changes to the timing of implementing such measures. GWF is currently investigating possible offset opportunities, but only became aware of this requirement when the Staff Analysis was released, and is therefore proposing additional time to develop the offset program as indicated in the attached mark-up of proposed Soil&Water-4.

Finally, any potential impacts associated with trucking the GE Water to the GWF Tracy Facility, although minimal, would be eliminated with use of the Bogetti Water.

In conclusion, GWF appreciates the Staff's expeditious processing of the Petition and its recommendation to approve all four proposed alternative water supplies. GWF urges Staff to reconsider its prioritization of the GE Water over the Bogetti Water. We would be happy to discuss this with you further prior to the July 30, 2015 Business Meeting.

Regards,

A handwritten signature in black ink that reads "Tina C. Lee". The signature is written in a cursive, flowing style.

Tina C. Lee
EVP, Commercial Operations

cc: Joseph Douglas

Attachment

ATTACHMENT

SOIL & WATER-4: Water used for project operation for process, sanitary and landscape irrigation purposes shall exclusively be raw surface water from Byron-Bethany Irrigation District (BBID). In the event that BBID water supply becomes unavailable, the use of alternative water supplies shall be prioritized as follows:

- City of Tracy Recycled Water (Alternative 4): The project owner shall use tertiary treated recycled water trucked from the ~~city~~City of Tracy wastewater treatment plant distribution system as the primary back up supply. The owner shall also obtain approval for the use of recycled water at the power plant from the City of Tracy. In the event recycled water is not available or the timing for conversion to recycled water use at GWF Tracy temporarily prevents its use, the project owner shall utilize the water supply identified in ~~Alternative 2~~Alternative 1 or Alternative 3 below. The project owner must use recycled water whenever a back-up supply is needed and it is available as a backup supply.
- GE Water (Alternative 1): Raw water supply from the General Electric industrial water supply facility in San Jose, California, ~~shall~~may be used when recycled water from the ~~city~~City of Tracy is unavailable.
- Bogetti Well Water (Alternative 3): Groundwater from the neighboring Bogetti family well may be used when water supply from ~~Alternative 4 and 1 are~~the City of Tracy is unavailable. The project owner must offset the groundwater use through water conservation measures implemented for the benefit of the Tracy Groundwater Subbasin. The project Owner must submit an Offset Plan for CPM review and approval.
- GWF Henrietta Water (Alternative 2): In the event backup water supplies in Alternatives 4, 1 and 3 are not available, the project owner may truck the necessary GWF Henrietta facility water supply for use at GWF Tracy.
- All trucks used to transport water to the project are required to comply with ARB's on-road, heavy-duty vehicle program requirements and be scheduled to minimize traffic impacts.

Water use shall not exceed the annual water-use limit of 54.4 acre-feet per year. The project owner shall monitor and record the total water used on a monthly basis. For calculating the annual water use, the term "year" will correspond to the date established for the annual compliance report submittal.

Prior to using raw surface water from BBID or any of the alternative supplies identified above for process needs, the project owner shall install and maintain metering devices as part of the water supply and distribution systems to monitor and record, in gallons per day, the total volume(s) of water supplied to GWF Tracy. Those metering devices shall be operational for the life of the project.

For the first year of operation, the project owner shall prepare an annual Water Use Summary, which will include the monthly range and monthly average of daily raw surface water usage in gallons per day, and total water used by the project on a monthly and annual basis in acre-feet. For subsequent years, the annual Water Use Summary shall also include the yearly range and yearly average water use by the project. The annual Water Use Summary shall be submitted to the CPM as part of the annual compliance report.

Verification: At least sixty (60) days prior to commercial operation of GWF Tracy, the project owner shall submit to the CPM evidence that metering devices have been installed and are operational on the water supply and distribution systems. When the metering devices are serviced, tested and calibrated, the project owner shall provide a report summarizing these activities in the next annual compliance report. The project owner, in the annual compliance report, shall provide a Water Use Summary that states the source and quantity of water used on a monthly basis and on an annual basis in units of acre-feet. Prior annual water use including yearly range and yearly average shall be reported in subsequent annual compliance reports.

At least 48 hours prior to use of back up water supplies from ~~Alternative~~Alternatives 4 or, 1 or 3, the project owner shall notify the CPM. If Alternative 1 or 3 is used, the notification shall include a discussion of why Alternative 4 could not be used and an estimate of when it can be used. The notification will also provide evidence that all trucks used to transport water comply with ARB's on-road, heavy-duty vehicle program requirements and will be scheduled to minimize traffic impacts.

~~At least 15~~Within 120 days ~~prior to of~~ use of groundwater from the Bogetti Well in Alternative 3, the project owner shall provide a plan showing how the groundwater use will be offset. The offset plan shall include information on the measures to be used to achieve groundwater offset, when the offset will be implemented, how the offset will be verified, costs for implementation of the offset measures, and discussion of whether any other agency review and approvals are needed for implementation.

At least 48 hours prior to the use of the backup water supply from Alternative ~~3 or 2~~, the project owner shall notify the CPM. ~~If Alternative 3 or 2 is used, the~~The notification shall include a discussion of why ~~Alternative~~Alternatives 4, 1 and 3 could not be used and an estimate of when ~~Alternative~~Alternatives 4, 1 or 3 can be used. The notification will also provide evidence that all trucks used to transport water comply with ARB's on-road, heavy-duty vehicle program requirements and will be scheduled to minimize traffic impacts.

~~The~~In the event that Alternatives 1, 2 or 3 are used, the project owner shall return to use of Alternative 4 at the time described in the notification and as agreed to with the CPM unless further notification is provided to the CPM of continued unavailability of Alternative 4.

Summary report:	
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Intelligent Table Comparison: Active	
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