



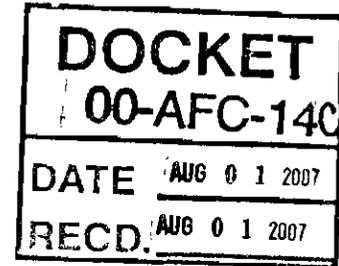
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August 1, 2007

SETH D. HILTON
Direct (916) 319-4749
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BY HAND DELIVERY

Mr. Christopher Meyer
Compliance Project Manager
California Energy Commission
1516 Ninth Avenue, MS-15
Sacramento, CA 95814



**Re: El Segundo Power Redevelopment Project (00-AFC-14C)
State Lands Commission, Application for Temporary Lease**

Dear Mr. Meyer:

El Segundo Power II LLC ("ESP II") submits the attached letter from the California State Lands Commission ("State Lands") to Mr. David Lloyd for docketing.

As indicated in ESP II's Petition to Amend ("PTA"), ESP II may need to obtain a temporary lease from State Lands for use of the beach area bordering El Segundo Generating Station, waterward of the ordinary high water mark. This area will be used in the event that ESP II utilizes the proposed beach delivery of oversize equipment, as described in the PTA. The temporary lease will be acquired through the formal process set forth by State Lands. The issuance of any lease by State Lands requires compliance with the California Environmental Quality Act ("CEQA"); so State Lands will require CEC approval of the PTA and completion of the CEC's CEQA-equivalent review prior to issuing the lease.

The modification and subsequent completion of the El Segundo Power Redevelopment project, however, can be completed without beach delivery of oversize equipment. Therefore, CEC approval of the PTA should not be considered dependent on securing from State Lands a short-term lease for beach use.

Oregon
Washington
California
Utah
Idaho



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Should you have any questions or concerns, do not hesitate to contact me at the number above.

Very truly yours,

Seth D. Hilton

SDH:kjh

Enclosure

cc: David Lloyd, El Segundo Power II LLC
George Piantka, El Segundo Power II LLC

CALIFORNIA STATE LANDS COMMISSION
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202



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June 27, 2007

File Ref: PRC 858

David Lloyd
NRG Energy
1819 Aston, Suite 105
Carlsbad, CA 92008

Dear Mr. Lloyd:

**Subject: Temporary Lease for Construction at the El Segundo Power Plant,
City of El Segundo, Los Angeles County**

Enclosed for your use is the California State Lands Commission's (CSLC) standard application form, Form 54.2. It is our understanding that you propose to construct equipment for use at the power plant at an offsite location and transport it by barge to a point offshore of the power plant then transfer the equipment across the beach to the power plant for installation. This equipment is proposed to replace the existing cooling water system for the portion of the power plant that is in the process of being repowered pursuant to a recently issued certification by the California Energy Commission (CEC). We also understand that you have asked the CEC to amend their certification to include this proposed change in the method of cooling and that the CEC will, as part of their process, prepare an environmental analysis of the overall project. A lease from the CSLC is required for use of any area waterward of the Ordinary High Water Mark at this location.

When completing the application form please include a detailed plat map of the area, with reference to the Ordinary High Water Mark, that will be required for both the barge anchorage and the area of beach for temporary storage and transfer of equipment. Information required by the application that is already included in our lease file for the intake and outfall pipelines, PRC 858, should be referenced but need not be duplicated.

Please return the completed application form to me along with the required filing fee of \$25 and a minimum expense deposit of \$25,000, required for an Industrial Lease. Any portion of the expense deposit not used for reimbursement of staff costs will be returned upon issuance of the lease. If you have any questions regarding information required in

the application form or regarding our lease process, please feel free to call me at the above telephone number.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan C. Scott", written over a horizontal line.

Alan C. Scott
Public Land Manager

Enclosure: Form 54.2