



DOCKET

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**California Energy Commission
IEPR Committee Workshop**

**Implications of Proposals for Mitigation of Once-through Cooling of
Existing Electric Generating Facilities on Electric Reliability**

May 11, 2009 – 10:00 AM

AGENDA and PANEL QUESTIONS

Purpose: Gather information from the affected stakeholders to determine what a policy that assures electric system reliability through development of new infrastructure (generation, transmission, system elements) as the mechanisms to reduce OTC impacts would require in terms of modifications to existing electric planning, procurement and facility permitting processes.

10a.m. Introduction

Suzanne Korosec, IEPR Lead, Energy Commission

10:05 a.m. Opening Comments by Agency Representatives on the Dais

Commissioner Jeffrey Byron, Energy Commission

Mr. Yakout Mansour, Chief Executive Officer, CAISO

Commissioner John Bohn, CPUC

10:15 a.m. Environmental Impacts of OTC and Mitigation Proposals

Mr. Jon Bishop, State Water Resources Control Board

10:45 a.m. Overview of Issues in Assuring Electric System Reliability

- a. Why are the Energy Agencies concerned about reliability implications of OTC mitigation? (Michael Jaske, CEC)
- b. What are the facts about these plants? (David Vidaver, CEC)
- c. What is their current and prospective role in reliability? (Dennis Peters, CAISO)
- d. How are these concerns addressed in IOU procurement? (Robert Strauss, CPUC)

11:30 a.m. Panel 1: Environmental Agencies (Moderated by Mike Jaske)

State Water Resources Control Board staff (Jon Bishop)

South Coast Air Quality Management District staff (Mohsen Nazemi)

California Air Resources Board staff (Mike Tollstrup)

California Coastal Commission staff (Al Wanger)

Lunch Break

1:30 p.m. Panel 2: Electric Generators (Moderated by Dave Vidaver)

RRI Energy (Eric Leuze)

Mirant (Sean Beatty)

Dynegy (Randy Hickok)

NRG (representative not yet announced)

AES (Eric Pendergraft)

2:30 p.m. Panel 3: Utilities (Moderated by Mike Jaske)

SCE (Gordon Savage, Mark Minick)

PG&E (Curt Hatton and Mark Krausse)

SDG&E (Rob Anderson)

LADWP (Eric Tharp)

3:30 p.m. Panel 4: Environmental Community (Moderated by Mike Jaske)

Natural Resources Defense Council (Leila Monroe)

California Coastkeeper Alliance (Angela Haren/Bill Powers)

Surfrider Foundation (Joe Geever)

Stanford Environmental Law Clinic (Deborah Sivas)

4:30 p.m. Public Input

Wrap Up Comments

Michael Jaske, Energy Commission

Questions for the Environmental Agency Panel:

1. Does your agency believe it has sufficient discretion to develop an OTC mitigation policy that can assure electric system reliability?
2. Does the SWRCB believe that Section 13000 of the California Water Code requires that assurance of electric system reliability constrains actions it can take when mitigating impacts to water quality?
3. Does the SWRCB believe that the April 1, 2009 US Supreme Court ruling on the role of cost-benefit analysis in setting performance standards materially affects its planned OTC mitigation policy?
4. To what extent are actions your agency is taking, or is planning to take, supportive of the SWRCB proposed OTC mitigation policy and the implication that new infrastructure is needed? Does your agency have a specific role in permitting new infrastructure and, if so, what issues do you foresee now in any specific projects that come before your agency?
5. Where new fossil power plants must be located in air sheds with air quality attainment challenges, what mechanism might be pursued to “make room” for new power plants and still achieve air quality standards. Does your organization believe that federal EPA would be receptive to any proposed changes in the State Implementation Plan(SIP) if SIP modifications were needed to impose tighter controls on some emission sources in order to allow increased emissions from power plants compared to current rules?
6. What activities are underway that would allow SCAQMD, or other air quality management districts with limited offsets, to allow limited development of new fossil power plants to replace OTC plants that are retired?

Questions for Generator Panel:

1. What measures are currently employed at your company’s OTC units to reduce environmental impacts? What other measures are under study and will the results of such studies be released to the public?
2. Do you agree with the Energy Commission staff assessment that imposing wet or dry cooling towers (or each of their equivalents) on existing OTC fossil-fueled steam generators will most likely lead to retirement or repowering rather than refitting of the existing prime mover with cooling towers?¹

¹ Energy Commission Staff, *Potential Impacts of the South Coast Air Quality Management District Air Credit Limitations and Once-through Cooling Mitigation on Southern California’s Electricity System*, CEC Pub. No. CEC-200-2009-002-SD, February 2009, p. 7.

3. What are the conditions under which your company will choose to repower one or more of your existing facilities as opposed to retire the units? Do you currently expect these conditions to exist?
4. Do you view all of the units at each of your facilities as a group with a common fate, or can specific units have different fates?
5. What conditions (lead time, utility definition of specific products, etc.) are necessary for your company to effectively participate in utility RFOs for replacement capacity or energy?
6. Given constraints on the location of new or replacement capacity to satisfy local reliability needs, limits of available credit, etc. can one expect robust competition in narrowly targeted RFOs? If market power is a concern, what methods might be used to reduce it?

Questions for the Utility Panel:

1. As an organization either procuring services via contract or owning some OTC facilities, what options exist for complying with the proposed mitigation policy to essentially eliminate OTC usage in the long-term?
2. Have you modified your procurement practices to reduce purchases from OTC facilities in light of energy agency policies favoring retirement or repowering of aged facilities?
3. In light of the uncertain time frame in which OTC plants might still generate power in their current configuration, how far forward is your organization prepared to contract with OTC facilities?
4. For OTC facilities you own and operate, what plans have been publicly announced to reduce or eliminate OTC impacts? If have not yet announced such plans, what process are you following that will lead to decisions to reduce OTC impacts?
5. What transmission system improvements might allow existing OTC facilities to be retired and replaced with remote capacity that avoids coastal communities and the permitting complexities of new infrastructure in highly urbanized areas?

Questions for the Environmental Panel:

1. How does your organization view the tradeoffs that seemingly exist between reducing biological impacts from OTC, new locations for concentrated release of criteria air emissions, even if offset within an airshed, for new generation, visual impacts from new generation and transmission projects, or other environmental impacts?

2. Since the state energy agencies and Air Resources board have already proposed to implement energy efficiency and renewable generation in unprecedented levels to reduce GHG emissions, does your organization believe there are further opportunities for these preferred resource types in reducing the need for replacement generating capacity? If so, please describe what these are and how they could be accomplished.
3. How does your organization propose to participate in efforts to remove the current inability to locate new power plants within most of the Los Angeles Basin?
4. One implication of the staff proposal to the SWRCB is a seeming delay in the compliance date for reduction of OTC impacts. Does the staff proposal offer any tangible benefits by:
 - a. enabling the development of additional infrastructure that would have less environmental impacts than the OTC facilities it would replace, or
 - b. increasing the probability that once a feasible schedule for new infrastructure is developed that the schedule will actually be implemented as planned and OTC impacts can be reduced?