

Dynergy Moss Landing, LLC
Moss Landing Power Plant
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Moss Landing, CA 95039-0690

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March 24, 2015

VIA ELECTRONIC MAIL.

Jeanine Townsend
Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814
commentletters@waterboards.ca.gov



Re: Comment Letter – Once-Through Cooling Policy Amendment

Dear Chair Marcus and Board Members:

Dynergy Moss Landing, LLC (“Dynergy”) appreciates the opportunity to provide comment in support of the proposed amendment to the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (“Policy”). The proposed Policy amendment, supported by State Water Resources Control Board (“SWRCB”) staff, will extend the Policy compliance deadline for the Moss Landing Power Plant from December 31, 2017 to December 31, 2020.

The extension of the compliance deadline will give effect to a comprehensive settlement agreement reached between Dynergy and the SWRCB resolving litigation between the parties. Through the settlement, Dynergy commits to achieving full compliance with the Policy by December 31, 2020 and, importantly, commits to early implementation of operational control measures designed to substantially minimize adverse environmental effects. In furtherance of the same, Dynergy has already implemented written operating procedures at the Moss Landing Power Plant to reduce flow by limiting the duration of circulating water pump operation during unit startup and shutdown and limiting the number of circulating water pumps in operation during various unit operation configurations at less than full utilization. By December 31, 2016, a year before the existing 2017 compliance deadline, Dynergy will install variable speed drive controls on circulating water pumps serving Moss Landing units 1 and 2,¹ and beginning on that

¹ We note that the SWRCB’s Draft Staff Report, Proposed Amendment to the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling for Dynergy Moss Landing, LLC (Feb. 5, 2015) (“Draft Staff Report”), contains an apparent typographical error in identifying “December 16”, 2016 as the date by which the variable speed drive controls will be installed on the Moss Landing units 1 and 2 circulating water pumps. In accordance with the settlement agreement between Dynergy and the SWRCB, the correct date is December 31, 2016.

date through the proposed December 31, 2020 final compliance date, Dynegy will achieve 83.7% or greater reduction in impingement mortality and entrainment from design flow using flow control and operational measures. By December 31, 2020, Dynegy will install supplemental control technology at Moss Landing units 1 and 2 to complement the operational control measures, achieving full compliance with the Policy. In sum, the proposed Policy amendment would extend the compliance deadline, but as a result of the settlement agreement, real and immediate environmental benefits will be realized sooner than under the Policy's current compliance deadline for the Moss Landing Power Plant.

While significant environmental benefits will be achieved earlier than the current December 31, 2017 compliance deadline, the extension still is necessary to provide Dynegy with sufficient time to perform required studies, including testing the efficacy of various technology control alternatives. Dynegy will need to conduct baseline studies prior to submitting study design proposals to the SWRCB, subsequent pilot-studies for each technology, and verification studies. During this process, Dynegy will be reporting to SWRCB staff to ensure that progress is being made to achieve full Policy compliance by December 31, 2020.

Dynegy understands the Respondent-Intervenors in the lawsuit underlying the settlement agreement between the SWRCB and Dynegy oppose the proposed Policy amendment unless the Board (1) removes the finding that it is infeasible for Moss Landing to implement Track 1, and (2) provides an explicit enforcement clause stating Moss Landing must cease once-through cooling operations if it is not in compliance with Track 2 by December 31, 2020. We oppose both conditions as unnecessary and inappropriate. As stated in the Draft Staff Report (p. 4), “[t]he proposed extension of the final compliance date for Moss Landing is the only settlement provision requiring Policy amendment.” Neither of Respondent-Intervenors’ issues are before the SWRCB in the proposed Policy amendment. Moreover, Dynegy supported its position on the infeasibility of Track 1 at Moss Landing in its implementation plan submittal, which the SWRCB agreed to in the settlement agreement. As noted above, under the settlement agreement, Dynegy commits to early implementation and full compliance with the Policy by December 31, 2020, and submitted an updated Implementation Plan following settlement. Respondent-Intervenors’ descriptions of Dynegy’s proposed implementation and statements that Dynegy made false claims in its original submittal are unfounded. In addition, an explicit enforcement clause is not needed because, after the amendment is adopted, the SWRCB retains its full enforcement authority to secure Dynegy’s compliance with the Policy in the same manner as every other owner/operator’s compliance.

For the reasons detailed above and in the SWRCB’s Draft Staff Report,² Dynegy fully supports and requests the adoption of the Policy amendment extending the Policy compliance deadline for the Moss Landing Power Plant to December 31, 2020.

Respectfully submitted,



Martin W. Daley
Vice President, Gas

cc:

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² The Draft Staff Report, Section 3, “Overview of Dynegy’s Coastal OTC Power Plants”, indicates that the South Bay Power Plant has retired, but concludes with the erroneous statement, “[t]he South Bay Replacement Project will replace the South Bay Power Plant. California Ocean Protection Council 2008.” To clarify the record, as stated in the Executive Summary (p. ES-2) of the cited California Ocean Protection Council report, the South Bay Replacement Project was formally withdrawn in 2007. Furthermore, Dynegy South Bay, LLC (“Dynegy South Bay”) has completed demolition activities at the site. As of March 31, 2015, Dynegy South Bay’s lease of the site from the Unified Port of San Diego will terminate and Dynegy South Bay will retain no possessory interest at the site. Although Dynegy South Bay anticipates being involved in certain contractual end of lease activities with the Port, relevant regulatory agencies, and other stakeholders over the next year, Dynegy South Bay will have no participation in any future redevelopment activities at the site. Thus, we request that, in the final Staff Report, the SWRCB delete the sentence regarding the South Bay Replacement Project.