

Rubin, Katherine

From: Rubin, Katherine
Sent: Tuesday, May 08, 2012 5:25 PM
To: 'Dominic Gregorio'
Cc: 'Jonathan Bishop'; 'kharris@waterboards.ca.gov'; 'Shuka Rastegarpour'; 'SRastegarpour@waterboards.ca.gov'; Sedlacek, Mark
Subject: RE: Draft letter, please look at
Attachments: Energy Daily 041312.pdf; OTC Dominic DRAFT no letterhead LADWP 13383 (2) (2)[1].doc

Tracking:	Recipient	Delivery	Read
	'Dominic Gregorio'		
	'Jonathan Bishop'		
	'kharris@waterboards.ca.gov'		
	'Shuka Rastegarpour'		
	'SRastegarpour@waterboards.ca.gov'		
	Sedlacek, Mark	Delivered: 5/8/2012 5:25 PM	Read: 5/8/2012 5:29 PM

Hi Dominic,

Thank you for sending to me the draft letter, I shared the draft with our Power System so that they could see the kind of information that is being requested and to get their thoughts. As discussed with you over the phone, LADWP does not have a problem with supplying the interagency working group (IAWG) with more information. LADWP strives to be an environmental steward, and so to comply with the Policy has chosen Track 1 in order to completely eliminate OTC. LADWP will continue on this path and the July 19, 2011 negotiated schedule; to maintain safe and reliable grid operations. Currently, LADWP is in the construction phase of Haynes Units 5 and 6 and is in the CEQA process for Scattergood Unit 3. Further, LADWP is working on its mitigation project funding plan and its feasibility pilot studies on the alternative technologies.

Just an FYI, the information request was a little surprising to LADWP since much of the information that is being requested has been discussed in great detail in conference calls with CARB, CAISO, and CEC. In fact, the CEC representative driving the discussions in these meetings is also active in IAWG.

Furthermore, LADWP is puzzled by this request at this time; since the date in the Policy to have received the information request made by SACCWIS has passed, and SACCWIS members made no mention of the need for additional information at its past SACCWIS meetings after the July 19, 2011 amendment adoption, and the Grid Reliability Report submitted by the December 31, 2011 deadline, contained some of the information now being sought.

Just to make sure I understand the framework of the information request, on July 19, 2011 LADWP and the State Board experienced a six hour hearing on LADWP's implementation plan and compliance dates; the final dates were not considered conditional. LADWP has to be able to make long term plans in order to sequence the series of multi-year repower projects without impacting its grid reliability. I have made changes to soften your language in the letter and to better represent the intent of the hearing and that of the Amendment's footnote 3.

It is my recollection that in 2011, the State Board made a decision to review LADWP's implementation

5/31/2012

plan and compliance dates before the other coastal plants due to the uniqueness of LADWP and its grid system. LADWP tried to be as transparent as possible so that the grid reliability issue was understood. Depending upon who you talk to, the material is considered very good and makes the point for an extended schedule, to not convincing at all by the staff member at CEC who also participates in IAWG. The Policy Amendment footnote 3 states that the State Board would consider amendments such as modifications to LADWP's dates, based on the additional information that was to be requested by January 1, 2012 by the SACCWIS. In addition, since July 19, 2011, LADWP has attended the SACCWIS meetings and has made at least three trips to Sacramento and Folsom to meet individually with CEC and CAISO to find out what if any additional information was needed. On all occasions the feed back was that LADWP's plan and schedule had been reviewed and for the most part done.

I agree that the Policy requires the grid reliability study to be submitted each year so that it can be determined whether or not the schedule will impact grid reliability. LADWP's Power Engineers are the experts for LADWP's system and they will not under any circumstances place LADWP's grid at risk. At this point, LADWP Power Engineers have stated that truncating the schedule would impact grid reliability. As can be seen from the information sent this year, none of our local capacity can be taken away, and in the ten year horizon; the report shows LADWP may be short for its extreme summer scenario. According to our engineers, the studies only confirm that the schedule negotiated at the six hour hearing is the shortest as possible schedule without risking grid reliability and still being responsible to LADWP rate payers.

This summer will be an interesting one for the CAISO grid, with SONGS potentially being off the grid, the locational grid capacity will need to be replaced including possibly turning back on Huntington Beach OTC Units 3 and 4 which may still not be enough for California; rolling black outs for the San Diego area and its vicinity may be a reality. Presently, California is asking if it can serve load today with SONGS off line, and can CAISO meet the local capacity generation requirements. It is possible that the recommendations by the Federal Energy Reliability Commission concerning the September 2011 blackout in Southern California may cause new limits on importing electricity into Southern California and thereby cause the need to supply even more generation inside Southern California. In addition, the Governor has increased RPS to 40% by 2020, even though at this time the 40% is a goal, CAISO has expressed concerns about their grid reliability impacts due to the OTC Policy, having SONGS offline, and having to integrate the renewable energy, as has been articulated in the article attached (Energy Daily, dated 4/13/12).

Also, just want to clarify, that the additional information request was to be sent from SACCWIS to LADWP by January 1, 2012 and therefore this request would not have been dependent upon information in the Grid Reliability Report we just submitted on December 31, 2011 to comply with the Policy and the redacted version in February 2012, since the additional information request from SACCWIS was due to LADWP by January 1, 2012. One day, would not have been enough time for any of the SACCWIS members to review the information submitted on December 31, 2012 and turn around an information request.

Just another FYI, I have briefly outlined the reactions from LADWP's Power System engineers from the review of the letter, hoping this might be useful when we get together:

Study #1 – a. and b. is in the AQMD report that was just completed in April 2012, in collaboration with the CAISO and the CEC staff member of IAWG. The high and mid cases represent 2021 and 2014, respectively.

Study #2 – This study is dangerous due to the fact that it is based on speculation. In preparing the

AQMD report, there have been extensive discussions regarding these studies between LADWP, CAISO and CEC in order to put the information in the right context. It is not reasonable for LADWP to be put in a position to risk widespread outages on its system.

Study #3 – Long term planning is done as requested in a. and b. for NERC, and was included with this year's grid reliability report submittal.

We can talk about these points in more detail when we meet. My suggestion is that it would be helpful for the State Board to have IAWG and LADWP meet before this letter is sent, so the process is more amenable and mutually beneficial. It would be valuable for LADWP to understand what is truly being requested and why so we can properly address the concerns.

I am available to discuss with you anytime the changes I've proposed to your draft letter, which is attached.

As always, I look forward to talking with you and I thank you again for working with LADWP.

Best,

Katherine

Katherine Rubin

Manager Wastewater Quality and Compliance

Los Angeles Department of Water and Power

111 North Hope Street, Rm. 1213

Los Angeles, CA 90012

Ph: 213-367-0436

Fx: 213-367-3297

krubin@ladwp.com

From: Dominic Gregorio [mailto:dgregorio@waterboards.ca.gov]

Sent: Tuesday, April 24, 2012 5:03 PM

To: Rubin, Katherine

Subject: RE: Draft letter, please look at

5/31/2012