



September 11, 2014

Clerk of the Board California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, California 95812

Electronically submitted at: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Subject: Amendments to California Cap on Greenhouse Gas Emissions and
Market-Based Compliance Mechanisms

Dear California Air Resources Board:

On behalf of Wheelabrator Technologies, Inc., I am submitting comments on the Proposed Amendments (Amendments) to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanism (C&T) issued July 29, 2014 for public comment. We appreciate the opportunity to submit these comments on the Amendments and in particular Section 95890(e).

Wheelabrator's Norwalk Energy power plant is a legacy contract holder that is a combined cycle generation facility producing energy through three different processes. Natural gas powers a 27-megawatt LM2500 gas turbine to produce electricity and the turbine's exhaust gasses are directed to a heat recovery steam generator (HRSG), where it heats water. The steam from that process turns a second turbine, which also produces electricity. Steam from the HRSG, or the auxiliary boilers, when the turbine is not operating, is also provided through a pipeline to the neighboring state hospital campus where it is used for heating. In addition to electricity and steam, Wheelabrator's Norwalk Energy facility also provides chilled water to the state hospital for space cooling, using three 1,500-ton chillers. Two of the chillers are electrical and the third is an absorption chiller that uses steam from the HRSG.

Wheelabrator's Norwalk Energy facility provides electrical power to Southern California Edison under a 30-year Power Purchase Agreement (PPA) executed on February 14, 1988. The PPA does not provide an explicit means of cost recovery for the facility's compliance with the California C&T Program and meets the definition of a legacy contract. Similarly, the Norwalk Energy facility contract with its thermal customer meets the definition of a legacy contract.

With regard to the proposed Amendments, we request clarification with regard to Section 95890(e) that provides allowance allocations to legacy contract generators with an industrial partner. As amended, the language would provide such allowances for the duration of the legacy contract.

However, it is not clear as written that the extension is specific to the facility or the contract itself.

Norwalk holds a legacy contract with an industrial partner and a legacy contract with an electric utility. Under current regulation, we have submitted appropriate forms and information to receive allowance allocations until December 31, 2017 for emissions generated under both contracts. The amendments are clear that Norwalk will receive allowances until the end of the contract term for emissions generated under our thermal contract. It is less clear with regard to treatment of the PPA. Our PPA terminates in February, 2018 and if provided allowances to the end of the contract, Norwalk would be provided two additional months of allowances that could facilitate renegotiations of contracts.

In summation, we ask that the ARB make clear whether the extended allocations are specific to the facility with an industrial partner as a whole – thus extending allowances to the end of both the thermal contract and the PPA held by a legacy facility – or to the individual contract itself without regard to the number or type of additional power contracts held by a legacy facility.

Thank you for your consideration of our comments.

Respectfully submitted,



Michael Burt
Western Region Vice President