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Office of  
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November 7, 2013

**VIA E-MAIL**

California Air Resources Board  
1001 I Street  
Sacramento, CA 95814  
Attn: Stephanie Kato (skato@arb.ca.gov)

Re: Comments on Draft Final AB 1318 Report

Dear Chair and Members of the Board:

I am the City Attorney of the City of Redondo Beach ("City"). On behalf of the City, I hereby submit the following comments regarding the Draft Final Report ("Report") issued by the Air Resources Board ("ARB") pursuant to AB 1318.

**BACKGROUND**

The purpose of the Report is to "evaluate the electrical generation resources needed to maintain grid reliability in the South Coast Air Basin." If the Report concludes that more fossil-fuel generation is needed, it is required to identify sustainable solutions "with a focus on solutions that address the limited availability of air pollutant emission offsets for power plant projects located within the jurisdiction of South Coast Air Quality Management District."<sup>1</sup>

A key factor in the Report is the State Water Resources Control Board's policy regarding Once-Through Cooling ("OTC") power plants, which are coastal plants that use large volumes of ocean water for cooling. The OTC Policy requires all of the State's OTC power plants to modify their cooling systems or cease operations by specified deadlines.<sup>2</sup>

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<sup>1</sup> Report at 1.

<sup>2</sup> [www.swrcb.ca.gov/water\\_issues/programs/ocean/cwa316](http://www.swrcb.ca.gov/water_issues/programs/ocean/cwa316).

The Report appears to conclude that there are sufficient generation resources to maintain grid reliability in the near-term (i.e., until 2022), based in large part on the assumption that all OTC power plants in the South Coast Air Basin ("Basin") will be repowered.<sup>3</sup>

One of the OTC plants is located in the City of Redondo Beach. The power plant's owner—AES Southland Development, LLC ("AES")—has submitted an application to the California Energy Commission ("CEC" or "Commission") to repower the plant.

As the host jurisdiction of an OTC power plant, the City has an important perspective on the assumptions made by the Report regarding the future of these plants, and a big stake in the conclusions of the Report.

## **COMMENTS**

### **1. The Report should not make the assumption that all of the OTC plants will be repowered.**

As noted above, the Report makes the assumption that all OTC plants will be repowered. This is not a valid assumption.

AES has submitted an application to the CEC to repower its power plant in Redondo Beach. However, there is significant doubt as to whether the application will be approved by the Commission.

There is significant local opposition to the continued operation or repowering of the AES power plant in Redondo Beach. This is evidenced by the following:

- The City Council recently adopted a resolution formally opposing the plant's repower application. A copy of the resolution is attached as Exhibit A.
- The City has been granted intervenor status by the CEC and intends to actively participate in the proceeding.
- The CEC has received a high volume of comments from local citizens opposing the application to repower the power plant.
- At an informational hearing held by the CEC in Redondo Beach on October 1, 2013, the meeting was dominated by comments from a large number of residents opposing the application to repower the power plant.

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<sup>3</sup> Report at iii, 11 & 14.



- The City is in the process of considering a resolution to establish a moratorium on future development at the power plant site, which would prohibit the repowering of the plant. This change in zoning will create a direct and obvious conflict with local Laws, Ordinances, Regulations and Standards ("LORS"), and will require the CEC to make a special finding of "public convenience and necessity" in order to approve the application.

In light of these developments, ARB should reconsider its assumption that all OTC plants—especially the plant located in Redondo Beach—will be allowed to repower.

**2. The ARB should fulfill its mandate to consider solutions to the limited availability of offsets.**

One of the key issues raised by the Report is the lack of availability of offset credits in the South Coast Air Quality Management District ("Air District"), particularly PM<sub>10</sub> credits. The lack of availability of these credits—in combination with an exemption available only to pre-existing facilities—means that the only available locations for new generation in the Basin are at pre-existing power plant sites, such as OTC facilities.

This situation is contrary to good public policy. It means that rather than allowing new power plant facilities to be located at sites that best satisfy the appropriate criteria, the Air District's rules require all new plants to be located at sites where old power plants happen to be.

In the case of Redondo Beach, this approach clearly makes no sense. The existing power plant was built in the 1940s, under very different circumstances. If the power plant did not already exist in this location, there is *no possibility* that a new power plant would be located there.

There are numerous reasons why it does not make sense to locate a power plant in downtown Redondo Beach:

- The initial plant was located by the coast because it utilized ocean water for cooling. Under the OTC Policy, the plant can no longer rely on ocean water. There is no longer any reason for this generation to be located on the coast.
- The plant is located in the heart of the City's Waterfront, in a densely populated area that is otherwise focused on tourism and commerce. It is clearly not an appropriate location for a major industrial facility, and is a threat to the health and welfare of the many residents that live and work nearby.
- The plant is opposed by the City, and by large numbers of its residents and the residents of nearby communities.

The current offset rules are preventing new generation facilities from being located in optimal locations. Sound public policy mandates that offset rules should encourage new power

plants to be located at sites that make sense today, as opposed to sites that made sense in the post-World War II era, but no longer make sense today.

The City therefore respectfully requests that the Report identify and evaluate specific options for improving the regulation of offsets in the near-term.

**CONCLUSION**

The City appreciates this opportunity to submit comments regarding the Draft Final Report. Please let me know if we can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Webb", with a stylized flourish at the end.

Michael W. Webb  
City Attorney

Attachment

EXHIBIT A

CITY OF REDONDO BEACH  
RESOLUTION NO. CC-1304-029



**RESOLUTION NO. CC-1304-029**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
REDONDO BEACH, CALIFORNIA, OPPOSING THE  
LICENSING APPLICATION BY THE AES CORPORATION TO  
THE CALIFORNIA ENERGY COMMISSION.**

WHEREAS, Redondo Beach has been a site for an electrical generation plant since 1896;

WHEREAS, the electricity from the electrical generation plant has served an important role in powering residential, commercial and industrial uses;

WHEREAS, the reliability and safety of the electrical grid that serves the City of Redondo Beach and the entire South Bay Region are critical factors in the economic health and quality of life of our City and surrounding communities;

WHEREAS, the electrical generation plant has provided jobs, taxes and economic benefits to the community;

WHEREAS, the electrical generation plant is presently owned and operated by AES Redondo, LLC, a wholly-owned subsidiary of the AES Corporation, a global electrical generation and distribution business headquartered in Arlington, Virginia;

WHEREAS, the AES Corporation currently operates aged production facilities on the coast of southern California at 1100 North Harbor Drive, Redondo Beach, California;

WHEREAS, this facility is directly adjacent and upwind of a densely populated area - over 13,000 residents per square mile, and surrounded by incompatible uses such as hotels, office buildings, a 1400 slip boat harbor, two restaurants and a senior living facility;

WHEREAS, the City of Redondo Beach is in the midst of a harbor revitalization effort that currently includes multi-million leasehold upgrades on our Pier, construction of a new Harbor Patrol Facility, proposed upgrades to several of our existing hotel chains, and a proposed new boutique hotel that will begin construction in the near future and;

WHEREAS, the City of Redondo Beach is committed to work collaboratively with the property owner to attempt to find economically viable alternative land uses to provide incentives for uses other than a power plant;

WHEREAS, a public advisory vote was conducted in 2005 to assess two competing visions for this site that had been facilitated and crafted for and by the public over a 6-month period, and neither plans envisioned the continuation of power generation here;

WHEREAS, the AES Corporation operates the electrical generation plant under regulations and permits issued by authorities of Federal and State agencies;



WHEREAS, in recent years, significant environmental, economic and regulatory changes have occurred that affect the electrical generation business in California and the AES Corporation's Redondo Beach electrical generation plant;

WHEREAS, the California Energy Commission, California Public Utilities Commission, California State Water Resources Control Board, California Independent System Operator, California Air Resources Board, Southern California Air Quality Management District, California Coastal Commission, California State Tidelands Commission and other governmental agencies are or will be considering applications by the AES Corporation for continued permits to generate electricity in future years at the Redondo Beach electrical generation plant;

WHEREAS, the City of Redondo Beach recognizes the authority of Federal and State agencies to consider and take final action on the AES Corporation permits to generate electricity at the Redondo Beach electrical generation plant;

WHEREAS, the City of Redondo Beach desires to work collaboratively with AES on the removal and remediation of their current aged power plant facilities, preserving Wyland's Whaling Wall, and creating a vision for future non-industrial community beneficial uses of their property.

Now therefore be it resolved that, the City Council requests that the AES Corporation and governmental permitting agencies consider retiring the AES Redondo generating station permanently and remove the aged electrical production facilities, and remediate the land and;

WHEREAS, the City of Redondo Beach has serious concerns about the lasting negative impacts on the health, safety and welfare of the community for generations to come by building a new power plant that will likely run more often than the existing plant currently does; and

WHEREAS, this decision will affect the future of Redondo Beach and the surrounding region for the next 50-plus years; and

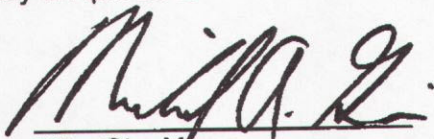
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council resolves to oppose the licensing application submitted by AES to the California Energy Commission to construct and operate a new electrical energy generating plant in Redondo Beach.

SECTION 2. That the City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.



PASSED, APPROVED AND ADOPTED this 2<sup>nd</sup> day of April 2013

  
Mike Gin, Mayor

ATTEST:

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    )     SS  
CITY OF REDONDO BEACH       )

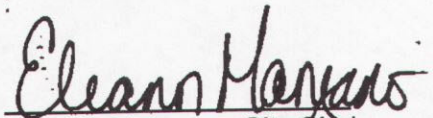
I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that the foregoing Resolution No. CC-1304-029 was duly passed, approved and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 2<sup>nd</sup> day of April 2013 by the following vote:

AYES:                   ASPEL, BRAND, AUST, DIELS, KILROY

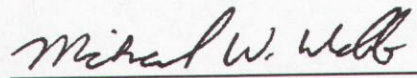
NOES:                   NONE

ABSENT:                NONE

ABSTAIN:              NONE

  
Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

  
Michael W. Webb, City Attorney