



NRG Energy, Inc.
West Region
5790 Fleet Street, Suite 200
Carlsbad, CA 92008

August 26, 2016

via email to gquinn@aqmd.gov

Gary Quinn, PE
Planning, Rule Development and Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Subject: Proposed RECLAIM Amendments – Shutdown Provisions

Dear Mr. Quinn:

On behalf of our Los Angeles Basin stationary source facilities (El Segundo Generating Station, Etiwanda Generating Station, Long Beach Generating Station and Walnut Creek Energy Park), NRG Energy (NRG) appreciates the opportunity to comment on the proposed amendments to South Coast Air Quality Management District's (SCAQMD) Regulation XX - Regional Clean Air Incentives Market (RECLAIM). NRG is one of the nation's largest independent power producers; headquartered in Princeton, New Jersey, our diverse power generating facilities can generate approximately 50,000 megawatts from solar, wind, fossil and nuclear resources - enough to support nearly one-third of U.S. population. Our California fleet consists of more than 11,000 MW of new combined cycle and peaking generation, legacy once-through cooling generation, large-scale solar and wind, and combined heat and power.

Our operating generation in El Segundo, Long Beach and City of Industry (i.e., Walnut Creek Energy Park) that participates in RECLAIM has been recently installed – 2013, 2007, and 2013, respectively and utilizes Best Available Control Technology. Our generation in Rancho Cucamonga (i.e., Etiwanda Generating Station) consists of two stream boiler units cooled by recycled water and utilizes Best Available Retrofit Control Technology.

NRG has been a stakeholder in the RECLAIM amendments since 1998, including the December 2015 amendment and the recently proposed amendments to the RECLAIM facility shutdown provisions. We fully support the California Council for Environmental and Economic Balance's (CCEEB) comments in its August 26, 2016 letter; CCEEB represents major mobile and stationary sources across California and is an active stakeholder at the SCAQMD.

NRG's specific comments are below:

1. Applicable to Full RECLAIM Facility Shutdowns. SCAQMD's current proposal focuses on full facility shutdowns with respect to management of adjusted initial allocation of RECLAIM Trading Credits (RTCs), as compared to the December 2015 proposal that sought the surrender of facility RTCs for partial facility or equipment shutdowns. SCAQMD also clarified that the respective RECLAIM facilities would continue to be shaved according to the schedule in the December 4, 2015 amendment, adjusted to BARCT as applicable, and would not be subject to full surrender of its adjusted initial allocation of RTCs. NRG supports these provisions of the current proposal with respect to facility shutdowns.

2. RECLAIM Amendment Effective Date. NRG recommends the date of Board adoption (currently scheduled for October 7, 2016) as the effective date of the current proposed RECLAIM amendment as opposed to the December 4, 2015 adoption date of the recent amendments or the RTC account freeze date of September 22, 2015, or any date earlier. These alternative effective dates have been discussed in the RECLAIM workshops and NRG has given oral comments recommending the Board adoption date as the effective date.
3. Recognition of "Common Ownership." NRG supports that the proposal recognizes the importance of common ownership and allows the transfer of RTCs between commonly owned facilities. The current language proposes the use of the 6-digit North American Industry Classification System (NAICS) designation to determine common ownership. We believe this approach is too restrictive. Below we have offered alternative language:

(6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility that is under common ownership, including parent or subsidiary thereof, at the time of rule adoption.

We also recommend that RTCs transferred to such common ownership not be modified as non-tradable RTCs – a provision that we understand SCAQMD staff has contemplated.

4. Planned Non-Operational (PNO) Status - Discrete Credits. In the current proposal, all NOx RTCs from facilities in PNO status become non-tradable. NRG recommends that the proposal should not affect discrete year block RTCs, which enable the respective facility's to participate in market, including supporting its other RECLAIM facilities within the Los Angeles Basin while the applicable owner maintains its current PNO status. If and when the facility emerges from its PNO status, it may continue to participate in the market with respect to infinite year and discrete year block RTC.

We appreciate the open communication of SCAQMD staff during these important proposed RECLAIM amendments. If you have any questions, please contact me at george.piantka@nrg.com or 760-710-2156 at your convenience.

Best Regards,



George L. Piantka
Sr. Director, Regulatory Environmental Services
NRG Energy, West Region

cc: Dr. Phillip Fine, SCAQMD Deputy Executive Officer
Tracy Goss, SCAQMD Manager
Kevin Orellana, SCAQMD AQ Specialist