



Rule 1304.1 Implementation Guidelines For Disbursement and Tracking of Funds

Stationary Source Committee

January 22, 2016

Background

Rule 1304 (a)(2) provides an offset exemption for Electric Utility Steam Boiler replacement

- Offsets for exemption come from District

Rule 1304.1 adopted September 6, 2013

- Applies only to re-powering of EGF Utility Steam Boilers

Provides an option for EGFs

- EGFs pay a fee for use of District offsets
- EGFs do not own offsets and cannot sell or trade them
- Offsets may only be used for designated R1304 (a)(2) project(s)
 - non-transferable
 - not any form of asset
- NO_x/SO_x offsets cannot be used as RECLAIM RTCs

Implementation Guidelines Development

Board directed staff to work with stakeholders to develop guidelines for use of funds received under Rule 1304.1

Board added rule language:

“Priority shall be given to funding air quality improvement projects in impacted, surrounding communities where the repowering EGF projects are located.” *(emphasis added)*

Four Working Group meetings:

- October 23, 2013
- July 10, 2014
- November 20, 2014
- September 30, 2015 – Preliminary Suggested Guidelines Presented
- January 26, 2016 (upcoming)

Key Stakeholder Input & Criteria Selection

Project selection criteria

- Proximity to source; EJ area definition; toxics exposure

Objectives

- AQMP attainment goals; emission reductions; cost-effectiveness; impacted communities

Project types

- Stationary, area, mobile, indirect sources; short-term/long-term; educational, research and development; seed cost sharing



Funding Anticipated

Upfront payment in full or annual payments

9 anticipated repowering projects

- Potentially >5,700 MW power replacement (August 2015)
- \$0.25 Million received to date (LADWP – Scattergood), one-time payment

AES HB anticipated estimated offset Fee (PM10 & VOC):

- Annual Option – ~\$2.5M/year
- Single Payment Option – ~\$58 Million



Staff's Initial Suggestion

Target 50% minimum funding within close proximity (6 miles)

- Issue RFP when a minimum of \$0.5 million is received

Target 50% minimum funding in EJ areas

- Through existing District programs
- Within and to benefit EJ communities

Projects/Programs should focus on particulate and ozone attainment consistent with AQMP needs

- NOx and direct PM2.5 emission reductions



EJ Area Definition (Consistent with AB1318 & Carl Moyer)

Both Poverty and Air Quality Criteria

Poverty Criteria

- An area where at least 10% of the population falls below the Federal poverty level based on the most recently published American Community Survey (ACS) data AND

Air Quality Criteria

- SoCAB
 - The highest 15th percentile of PM2.5 OR
 - The highest 15th percentile of cancer risk from MATES
- Coachella Valley (CV)
 - The highest 15th percentile of PM10 concentration in CV

Key Comments Received

City of Huntington Beach (AES Repower)

- Staff's initial approach does not emulate AB 1318 implementation
- Priority should be given to projects in impacted surrounding communities
- EJ should be based on CalEnviroScreen 2.0

City of Glendale (Grayson Repower)

- Request funding for expansion of Scholl Canyon landfill digester gas power project
- Landfill project could qualify as a renewable energy project located in EJ area
- Suggested additional projects for potential funding

Options for Board Consideration

Change or remove minimum percentage distribution for proximity and EJ

Expand proximity area beyond 6 miles

RFPs – Award more points for projects in EJ areas or w/in close proximity

- Funding for proximity area and EJ may overlap
- Could have multiple proximity zones with different amounts of extra points

Change minimum funding level for issuing RFPs (i.e. \$1 million)

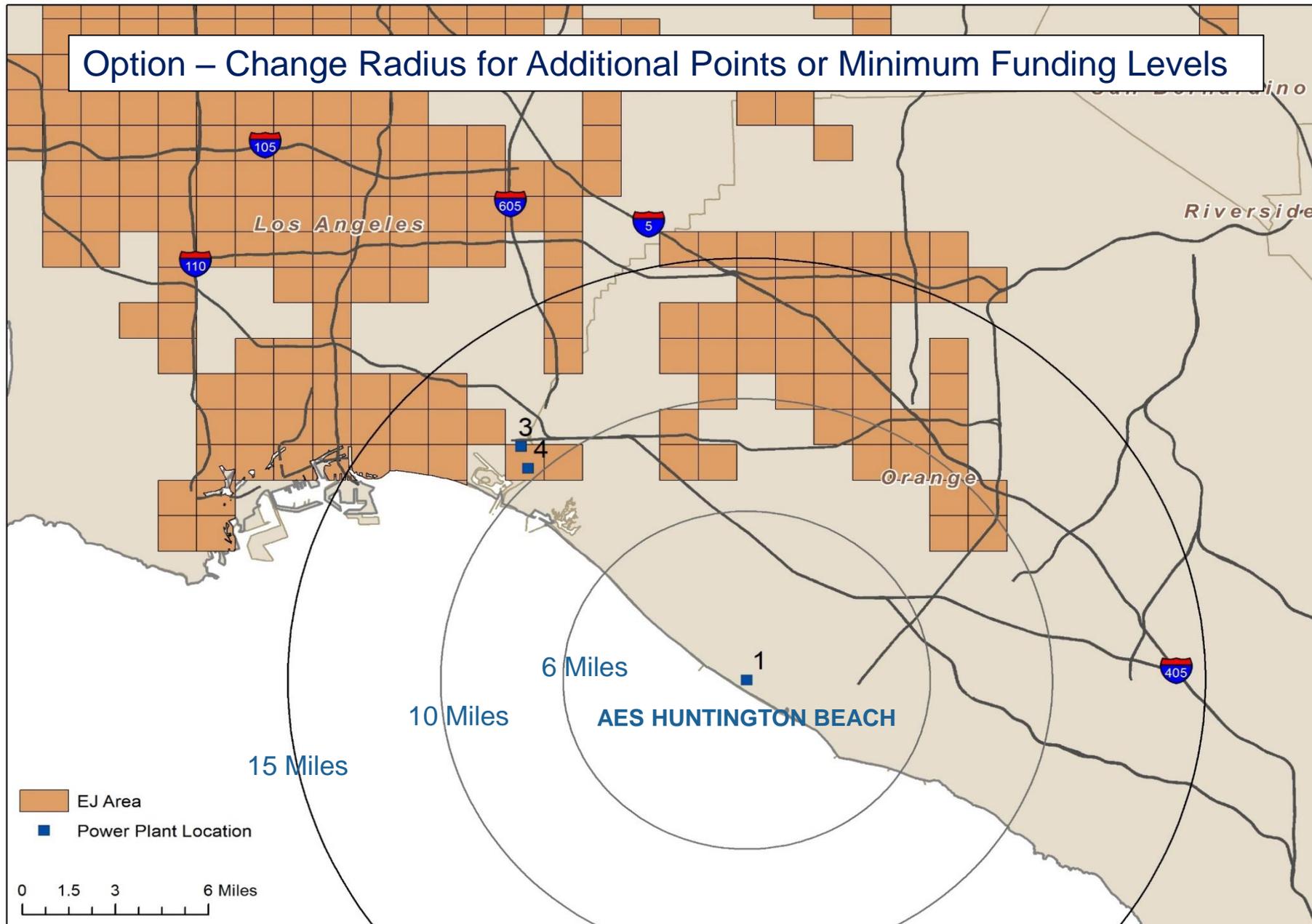
Ultimately, final funding approval for all projects rests with the Governing Board

Potential 1304.1 Repowering*

Location	Name	City	Proposed Repower MW as of August 2015	Fac ID #
1	AES HUNTINGTON BEACH, LLC	HUNTINGTON BEACH	430	115389
2	AES REDONDO BEACH, LLC	REDONDO BEACH	1,310	115536
3	AES ALAMITOS, LLC	LONG BEACH	1,950	115394
4	LA CITY, DWP HAYNES GENERATING STATION	LONG BEACH	460	800074
5	EL SEGUNDO POWER, LLC	EL SEGUNDO	447	115663
6	LA CITY, DWP SCATTERGOOD GENERATING STN	PLAYA DEL REY	297	800075
7	BURBANK CITY, BURBANK WATER & POWER (OLIVE UNITS)	BURBANK	99	25638
8	GLENDALE WATER & POWER (GRAYSON)	GLENDALE	108	800327
9	NRG GEN ON WEST, LP;	ETIWANDA	640	115315
TOTAL			5,741 MW	

* Projected August 2015

Option – Change Radius for Additional Points or Minimum Funding Levels



Next Steps

Seek Committee direction today

Further engage stakeholders for additional input

- Working Group meeting January 26, 2016 at 1:00 p.m. (CC-2)

Public Hearing for Governing Board consideration of guidelines

- February 5, 2016