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DIVISION OF WATER QUALITY

Katherine Walsh, Supervisor
Division of Water Quality, Ocean Standards Unit
State Water Resources Control Board
1001 I Street, 15th Floor (MS 15A)
Sacramento, CA 95814

Dear Ms. Walsh:

Pacific Gas and Electric Company (PG&E) hereby requests an amendment to the compliance date for Diablo Canyon Power Plant (DCPP) contained in the State Water Resources Control Board's Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling ("Once-through Cooling Policy" or "OTC Policy"). The current compliance date is listed as December 31, 2024. We request that the compliance date be revised to align with the expiration of the Nuclear Regulatory Commission (NRC) operating licenses for the two separate units: Unit 1 – November 2, 2024 and Unit 2 – August 26, 2025. This will allow each DCPP Unit to operate until the expiration of its Nuclear Regulatory Commission (NRC) operating license.

PG&E requests this revision to the compliance date for the following reasons:

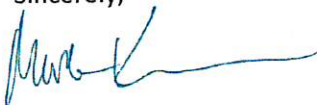
- 1) **Staff acknowledged and agreed to correct inaccurate compliance date during OTC Policy development:** During the OTC Policy adoption process, PG&E raised this issue of a disconnect between DCPP's compliance deadlines in various drafts of the OTC Policy and the plant's NRC operating license. The September 16, 2009 draft of the Policy actually had December 31, 2021, as Diablo Canyon's compliance deadline. In presenting the final (original) policy at the May 4, 2010 adoption hearing, staff reported (at transcript page 23), "[T]he Diablo Canyon final compliance date was extended to 2024; that was to line up with the relicensing period." PG&E called it to staff's attention that their intent was not in fact realized due to the August 26, 2025 license expiration date for Unit 2 and was told it could be picked up in subsequent amendments given how far off the date was at that time. As the date is now approaching, PG&E and its customers desire the certainty of a Policy amendment to reflect the actual expiration dates of Units 1 and 2.
- 2) **During early Policy implementation, focus was on the Nuclear Review Committee process:** Initially, focus was on completing the technology assessment required under the Nuclear Review Committee process and required for the subsequent determination of an alternative compliance approach that would need to be made well in advance of the existing December 2024 compliance date. Once the decision to not renew the DCPP NRC licenses was

approved and an alternative compliance determination regarding the plant was no longer necessary, revising the compliance dates to align with each unit's license expiration was reprioritized.

- 3) **Joint Proposal for DCPD retirement references compliance date alignment:** As part of the **Joint Proposal to Retire Diablo Canyon Nuclear Power Plant at Expiration of the Current Operating Licenses**, PG&E and six other parties including Friends of the Earth, the Natural Resources Defense Council and the International Brotherhood of Electrical Workers Local 1245 agreed that "PG&E will ask the State Water Board for an amendment to the OTC policy to conform the compliance timeline table to the date of actual expiration of the Unit 1 and Unit 2 NRC operating licenses." The Joint Proposal was subsequently approved by the CPUC and a decision issued on January 16, 2018 to approve the retirement of DCPD (**CPUC D.18-01-022**). The Joint Proposal both agrees to the retirement of Units 1 and 2 at the end of the current NRC licenses and acknowledges that the units may operate until each license expires, recognizing the value and investments of those licenses for our customers.
- 4) **SWRCB's compliance date alignment is a key step in ensuring effective implementation of DCPD retirement plan:** Diablo Canyon's more than 2200 megawatts of GHG-free generation are a significant benefit to the state's ongoing effort to combat global climate change. The Joint Proposal and further work with and by the California Public Utilities Commission, California State Lands Commission, the California State Legislature, and the Governor's office, reflect a complex process to establish a clear and effective plan to retire DCPD, while ensuring an orderly, carbon-free transition away from once-through cooling technology. The State Water Board's action to align the compliance dates with the NRC license periods is a final step in ensuring effective implementation of the plan to retire DCPD.
- 5) **Date alignment allows for continued interim mitigation fee payments:** PG&E is required to pay an interim mitigation fee based on flow volume. Despite DCPD's disproportionately low level of impingement and entrainment impact, PG&E has paid over \$16.4 million in interim mitigation fees for the period October 2015 – September 2019 and will continue to pay annual fees of approximately \$4.0 million through 2024. If this request is approved and Unit 2 operates through August 2025, the additional benefit to the State Water Board's mitigation fund would be approximately \$1.8 million.

For these reasons, PG&E requests the Water Board amend the OTC Policy to revise DCPD's compliance date from December 31, 2024 to November 2, 2024 for Unit 1 and August 26, 2025 for Unit 2.

Sincerely,



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