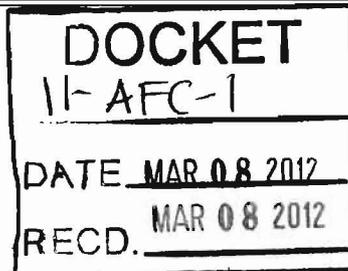


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov



Pio Pico Energy Center, LLC
David Jenkins, Project Manager
1293 E. Jessup Way
Mooresville, IN 46158

March 8, 2012

RE: **PIO PICO ENERGY CENTER (11-AFC-1), Draft Condition of Certification,
SOIL & WATER-9, Water Conservation Plan**

Dear Mr. Jenkins,

As a follow up to our discussions during the March 1, 2012 workshop for the Preliminary Staff Assessment (PSA), I'm providing you with the enclosed draft of staff's newly proposed Condition of Certification (CoC) Soil & Water-9. The draft CoC is proposed by Energy Commission staff to address the Pio Pico Energy Center's (PPEC) interim potable water use. Staff is proposing, as a matter of water use policy, that the PPEC be required to implement a water conservation plan, as generally discussed in the Soil & Water Resources section of the PSA (see pages 4.9-32 and 4.9-37).

I've attached two different versions of the draft CoC. One version is the draft Condition of Certification, Soil & Water-9 which was presented and briefly discussed during the March 1, 2012 workshop. The other version is a revised draft of Condition of Certification Soil & Water-9 that reflects changes resulting from further internal discussions among Energy Commission staff. The revised version was done in strikethrough and underline text so you can see what we've revised since the workshop.

Please review and consider the revised, draft CoC and provide us with your feedback. Also please let me know if you think another workshop is necessary so that staff and the applicant can further discuss the proposed CoC. If you have any questions, please call me at (916) 651-0966.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Solorio".

Eric Solorio
Siting Project Manager

Enclosure
cc: Docket (11-AFC-1)

PROOF OF SERVICE (REVISED 2/21/12) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 3/8/12

CJ

REVISED DRAFT CONDITION OF CERTIFICATION

WATER CONSERVATION PLAN

Soil & Water-9: The project owner shall identify and implement a water conservation plan to ~~offset~~ address annual project process water use of 311 acre-feet per year, until such time as recycled water is available and used by PPEC for all process water needs. ~~The water conservation plan may include projects or funding for activities such as:~~

- ~~• Otay Water District's high efficiency washing machine rebate program or commercial, institutional and industrial customers Ultra Low Flow Toilet Program.~~
- ~~• San Diego County Water Authority's water conservation programs outlined in the 'Blueprint for Water Conservation', Appendix G or any of its subsequent revisions.~~
- ~~• Direct funding to an entity or group of entities that would implement water conservation programs or environmental protection programs that would protect a water supply for beneficial environmental uses.~~

The water conservation plan shall be provided to the CPM for review and approval and shall include the following at a minimum:

- A. Demonstration of the project owner's ability to conduct the water conservation measures;
- ~~B. Whether any governmental approval of the identified water conservation measures will be needed, and if so, whether additional approval will require compliance with CEQA or NEPA;~~
- C. Demonstration of how much water is provided by each of the water conservation measures;
- D. An estimated schedule for implementation and maintenance of the water conservation measures;
- E. Performance measures that would be used to evaluate the amount of water replaced by the proposed water conservation measures;
- F. Where water savings cannot be measured directly, such as through funding of water use audit programs, training, education, and outreach, the owner may use \$1,000 per acre-foot, per year based on proposed maximum annual water use, as a guide for the level of funding appropriate for water conservation ~~offset~~;
- G. A monitoring and reporting plan outlining the steps necessary and proposed frequency of reporting to show the activities are achieving the intended benefits ~~of the potable water offsets~~; and
- H. Provisions for revising the water conservation plan if conditions change during implementation affecting the effectiveness of conservation measures; and

- I. Discussion of how the water conservation plan would be terminated when recycled water is used for project operation.

Verification: The project owner shall submit a Water Conservation Plan to the CPM for review and approval ~~thirty (30)~~ 180 days before the start of facility operation. ~~Until such time recycled water is used by the PPEC, the project owner shall implement the activities reviewed and approved in the Water Conservation Plan in accordance with the agreed upon schedule in the Water Conservation Plan. The project owner shall revise the conservation plan as necessary to address local conditions and submit plan revisions to the CPM for review and approval.~~

DRAFT CONDITION OF CERTIFICATION

WATER CONSERVATION PLAN

SOIL&WATER-X: The project owner shall identify and implement a water conservation plan to offset annual project process water use of 311 acre-feet per year, until such time recycled water is available and used by PPEC for all process water needs. The water conservation plan may include projects or funding for activities such as:

- Otay Water District's high-efficiency washing machine rebate program or commercial, institutional and industrial customers Ultra Low Flow Toilet Program.
- San Diego County Water Authority's water conservation programs outlined in the 'Blueprint for Water Conservation', Appendix G or any of its subsequent revisions.
- Direct funding to an entity or group of entities that would implement water conservation programs or environmental protection programs that would protect a water supply for beneficial environmental uses.

The water conservation plan shall be provided to the CPM for review and approval and shall include the following at a minimum:

- A. Demonstration of the project owner's ability to conduct the water conservation measures;
- B. Whether any governmental approval of the identified water conservation measures will be needed, and if so, whether additional approval will require compliance with CEQA or NEPA;
- C. Demonstration of how much water is provided by each of the water conservation measures;
- D. An estimated schedule for implementation and maintenance of the water conservation measures;
- E. Performance measures that would be used to evaluate the amount of water replaced by the proposed water conservation measures;
- F. Where water savings cannot be measured directly, such as through funding of water use audit programs, training, education, and outreach, the owner may use \$1,000 per acre-foot per year as a guide for the level of funding appropriate for water conservation offset;
- G. A monitoring and reporting plan outlining the steps necessary and proposed frequency of reporting to show the activities are achieving the intended benefits of the potable water offsets; and
- H. Provisions for revising the water conservation plan if conditions change during implementation affecting the effectiveness of conservation measures.

Verification: The project owner shall submit a Water Conservation Plan to the CPM for review and approval thirty (30) days before the start of facility operation. Until such time recycled water is used by the PPEC, the project owner shall implement the activities reviewed and approved in the Water Conservation Plan in accordance with the agreed upon schedule in the Water Conservation Plan. The project owner shall revise the conservation plan as necessary to address local conditions and submit plan revisions to the CPM for review and approval.



**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA
1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV**

**APPLICATION FOR CERTIFICATION
FOR THE *PIO PICO ENERGY CENTER PROJECT***

**Docket No. 11-AFC-1
PROOF OF SERVICE
(Revised 2/21/2012)**

APPLICANT

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DECLARATION OF SERVICE

I, Cennie Jackson declare that on March 8, 2012, I served and filed a copy of the attached Draft Condition Gnt. This document is accompanied by the most recent Proof of Service list, located on the web page for this project at: [www.energy.ca.gov/sitingcases/piopico/index.html].

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit or Chief Counsel, as appropriate, in the following manner:

(Check all that Apply)

For service to all other parties:

Served electronically to all e-mail addresses on the Proof of Service list;

Served by delivering on this date, either personally, or for mailing with the U.S. Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses **NOT** marked "e-mail service preferred."

AND

For filing with the Docket Unit at the Energy Commission:

by sending an original paper copy and one electronic copy, mailed with the U.S. Postal Service with first class postage thereon fully prepaid and e-mailed respectively, to the address below (preferred method); **OR**

by depositing an original and 12 paper copies in the mail with the U.S. Postal Service with first class postage thereon fully prepaid, as follows:

CALIFORNIA ENERGY COMMISSION – DOCKET UNIT

Attn: Docket No. 11-AFC-01
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

OR, if filing a Petition for Reconsideration of Decision or Order pursuant to Title 20, § 1720:

Served by delivering on this date one electronic copy by e-mail, and an original paper copy to the Chief Counsel at the following address, either personally, or for mailing with the U.S. Postal Service with first class postage thereon fully prepaid:

California Energy Commission
Michael J. Levy, Chief Counsel
1516 Ninth Street MS-14
Sacramento, CA 95814
mlevy@energy.state.ca.us

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

