

STATE OF CALIFORNIA

Energy Resources Conservation
and Development Commission

Application for Certification for the Watson)
Cogeneration Steam and Electric Reliability Project) Docket No. 09-AFC-1
)
)
_____)

APPLICANT’S STATUS REPORT NO. 2

Pursuant to the Committee Scheduling Order dated September 17, 2009, Applicant BP Watson (“Watson”) files its Status Report No. 2 for the proposed Watson Cogeneration Steam and Electric Reliability Project.

Staff Data Requests

On December 10, 2009, Staff issued Data Request Set Two (#s 40-48) regarding soil and water resources. On January 6, 2010, Watson filed responses to these data requests as well as Request #32 from Staff’s first set of data requests.¹ With this filing, Watson has responded to all outstanding data requests.

Data Response and Issues Resolution Workshop

On January 20, 2010, Staff and Watson conducted a Data Response and Issues Resolution Workshop at the Energy Commission. The purpose of the workshop was to discuss responses filed on January 6 and previously. The principle matters discussed concerned soil and water resources as discussed below.

¹ Staff and applicant had previously agreed to an extension of time for the filing of this response.

Current Issues

Watson understands that Staff is satisfied with the data responses filed and that it plans no further data requests prior to issuing its Preliminary Staff Assessment (“PSA”). Watson understands that Staff will not be able to issue the PSA until April given its heavy workload and furlough requirements.

At the January 20 workshop, the principal topic of discussion concerned possible Staff proposed condition(s) of certification regarding the use of water for cooling, steam production and other uses at this cogeneration facility. After considerable discussion of possible conditions and underlying objectives, Staff proposed a condition requiring certain specified minimum percentages of the water used by the project be delivered as either steam to the refinery or as waste water. Staff’s proposed condition would require metering of these parameters at specified points within the facility as well as periodic reporting of the data to the CEC. Staff proposed the condition in lieu of a limitation on project water use overall, which had been discussed at some length and which raised concerns regarding regulation of the existing Watson facilities that are not subject to this proceeding. Staff indicated that it believed this proposed condition would satisfy its concerns to ensure that the facility would use water efficiently while avoiding the complicated jurisdictional issues raised by other alternative conditions under discussion. At the workshop, Watson agreed to consider this proposal and respond after consultation with its management, experts and potentially affected parties.

Having conducted this review following the workshop, Watson has concluded that the Staff’s proposal is acceptable in concept, subject to agreement on the specific language of the

condition including the minimum percentages. Watson will be proposing specific language in writing to Staff and all parties in the near future based upon the workshop discussion.

January 28, 2010

Respectfully submitted,

ELLISON, SCHNEIDER & HARRIS L.L.P.

By  _____

Christopher T. Ellison
Greggory L. Wheatland
2600 Capitol Avenue, Suite 400
Sacramento, California 95816
Telephone: (916) 447-2166
Facsimile: (916) 447-3512

Attorneys for Watson Cogeneration Company

STATE OF CALIFORNIA

Energy Resources Conservation
and Development Commission

Application for Certification for the Watson)
Cogeneration Steam and Electric Reliability Project) Docket No. 09-AFC-1
_____))
_____)

PROOF OF SERVICE

I, Karen A. Mitchell, declare that on January 28, 2010, I served the attached ***Applicant's Status Report No. 2*** via electronic mail and United States Mail to all parties on the attached service list.

I declare under the penalty of perjury that the foregoing is true and correct.



Karen A. Mitchell



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 **WATSON COGENERATION
STEAM AND ELECTRICITY RELIABILITY
PROJECT**

Docket No. 09-AFC-1

PROOF OF SERVICE LIST
(Revised 1/27/10)

APPLICANT

Ross Metersky
BP Products North America, Inc.
700 Louisiana Street, 12th Floor
Houston, Texas 77002
ross.metersky@bp.com

APPLICANT'S CONSULTANTS

URS Corporation
Cynthia H. Kyle-Fischer
8181 East Tufts Avenue
Denver, Colorado 80237
cindy_kyle-fischer@urscorp.com

COUNSEL FOR APPLICANT

Chris Ellison
Ellison Schneider and Harris LLP
2600 Capitol Avenue, Suite 400
Sacramento, CA 95816
cte@eslawfirm.com

INTERESTED AGENCIES

California ISO
e-recipient@caiso.com

INTERVENORS

Tanya A. Gulesserin
Marc D. Joseph
Adams Broadwell Joseph & Cardozo
601 Gateway Boulevard,
Suite 1000
South San Francisco, CA 94080
tgulesserian@adamsbroadwell.com

ENERGY COMMISSION

*ROBERT WEISENMILLER
Commissioner and Presiding Member
rweisenm@energy.state.ca.us

*KAREN DOUGLAS
Chairman and Associate Member
kldougla@energy.state.ca.us

*Kourtney Vaccaro
Hearing Officer
kvaccaro@energy.state.ca.us

Alan Solomon
Project Manager
asolomon@energy.state.ca.us

Christine Hammond
Staff Counsel
chammond@energy.state.ca.us

Public Adviser's Office
publicadviser@energy.state.ca.us

*indicates change