

**DOCKET****09-AFC-1**DATE FEB 11 2011RECD. FEB 11 2011

State of California

California Natural Resources Agency

**Memorandum**

To: Robert Weisenmiller, Chairman , Presiding Member  
Karen Douglas, Commissioner, Associate Member  
Kourtney Vaccaro, Hearing Officer

Date: February 11, 2011

From: **California Energy Commission** – Alan Solomon  
1516 Ninth Street  
Sacramento, CA 95814-5512

Telephone: (916) 653-8236

Project Manager

Subject: **Watson Cogeneration Steam and Electric Reliability Project (09-AFC-1)**  
**STATUS REPORT #10**

Pursuant to the Revised Committee Schedule that was issued on January 5, 2011, staff conducted a Preliminary Staff Assessment (PSA) workshop on January 25, 2011 and were expected to publish the Final Staff Assessment (FSA) in February/March 2011. The PSA workshop was continued to February 3, 2011. However, due to discussions at the PSA workshop, staff requires additional information in the form of a formal filing from the applicant Watson Cogenerating Company to conduct its analysis of the proposed Watson Cogeneration Steam and Electric Reliability (BP Watson) project.

**Preliminary Staff Assessment Workshop Water Discussion**

In the original Application for Certification (AFC), and subsequent data responses, the applicant stated that reclaimed water is the preferred water source option over municipal water and groundwater pumping. Additionally, the applicant also provided a will-serve letter from BP Carson Refinery (an entity separate from the applicant) stating that the refinery will provide the proposed BP Watson project with reclaimed water.

At the workshop, the applicant stated that discussions between BP Carson Refinery and the West Basin Municipal Water District are still on-going. The applicant could not project when the negotiations would be concluded and stated that the discussion may not be finalized by the time the project is either approved and/or construction begins.

The applicant did stress that it is the goal of BP Watson to use reclaimed water. However, until the negotiations between BP Carson Refinery and the West Basin Municipal Water District are finalized, the applicant wants to use the municipal and groundwater which is available to the existing Watson Cogeneration Facility (approved by the Energy Commission in 1986 in Docket No. 85-AFC-1).

Currently, the Watson Cogeneration Facility uses a combination of municipal water and onsite groundwater drawn from wells. The 1986 Conditions of Certification for the Watson Cogeneration Facility do not set a limit as to how much water the existing facility can use; however, the applicant stated that they would be willing to have a water usage limit imposed on them. The water usage limit would be based on historical water use for the existing 4-trains comprising the Watson Cogeneration Facility. The applicant stated that they would use the same amount of water for the 4-trains as for the proposed 5-trains (i.e., there will be no increase in water usage over the historical amount used).

**Modified AFC and Additional Information Requested by Staff**

Based on a preliminary understanding of the changes proposed by the applicant, staff stated it needed additional information and data on which to base its analysis. This additional information will modify the AFC and includes, but should not be limited to, the following:

PROOF OF SERVICE (REVISED 2/8/10) FILED WITH  
ORIGINAL MAILED FROM SACRAMENTO ON 2/11/11

TKG

1. An updated project description related to water supply and the LORS & Policy implications of their new proposed water supply. The revised project description should detail:
  - a) How the 5-trains can operate at permitted energy output levels with a significantly smaller water supply (~5,600 AFY vs. 8,600 AFY).
  - b) Why the new proposed freshwater supply meets Energy Commission Policies and LORS as compared to the assertion in the original AFC, which indicated that a freshwater supply would not meet the LORS/Policy tests (Table 5.5-7 Evaluation of Water Supply Options).
  - c) The status of the recycled water conversion, and why they are changing their proposed supply from recycled water to fresh water.
2. Total water supply for the plant including a breakdown of water to be provided from municipal sources and onsite groundwater.
3. Historic (5-year) data on water use for the existing 4-train plant to help develop baseline.
4. Water balance details for the existing 4-train plant and the proposed 5-train plant. This will help to understand the volumes of water proposed for process, cooling, and steam/high pressure water to the BP Carson Refinery.

Staff also requested that the applicant provide historic data for groundwater pumping at the BP Carson Refinery to help understand the current baseline for groundwater quality and sea water intrusion and to help assess if continued groundwater pumping would be expected to exacerbate or worsen those impacts. The following information was requested (detailed data for the past 5 years, and historic data to the 1980s or longer if available):

1. Groundwater pumping volumes for wells at the refinery.
2. Water levels at the wells at the refinery.
3. Water quality data for wells at the refinery (detailed data for the past 5 years, and historic data to the 1980s or longer if available).

### **Future Actions and Workshop**

The applicant agreed to file the updated project description by early March 2011. The applicant will provide the data regarding the proposed water supply information and the historic groundwater pumping data in April 2011.

Following receipt of all information, both the applicant and staff agreed to hold a noticed workshop prior to the publication of the FSA so that the water issues can be discussed. Staff may request additional information if needed.

### **Schedule**

The FSA was scheduled to be published in February/March 2011. Due to discussions and need for additional filings and information related to water resources, staff informed the applicant that this date will be postponed, and applicant did not dispute the need to postpone the FSA publication. A more specific timeline will be proposed following the workshop.

Unless otherwise directed by the Committee, staff will issue a Status Report on April 29, 2011 updating the Committee and all parties as to the information filed by the applicant and progress made regarding the water resources and all other affected technical areas in the PSA.



BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT  
COMMISSION OF THE STATE OF CALIFORNIA  
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APPLICATION FOR CERTIFICATION  
FOR THE **WATSON COGENERATION  
STEAM AND ELECTRICITY RELIABILITY  
PROJECT**

Docket No. 09-AFC-1

PROOF OF SERVICE LIST  
(Revised 2/8/10)

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DECLARATION OF SERVICE

I, Teraja` Golston, declare that on February 11, 2011, I served and filed copies of the attached (09-AFC-1) BP Watson – CEC Status Report #10, dated February 11, 2011. The original document, filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at: [<http://www.energy.ca.gov/sitingcases/watson>].

The documents have been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

*(Check all that Apply)*

FOR SERVICE TO ALL OTHER PARTIES:

- sent electronically to all email addresses on the Proof of Service list;  
 by personal delivery;  
 by delivering on this date, for mailing with the United States 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 "email preferred."

**AND**

FOR FILING WITH THE ENERGY COMMISSION:

- sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (*preferred method*);

**OR**

- depositing in the mail an original and 12 paper copies, as follows:

**CALIFORNIA ENERGY COMMISSION**

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I declare under penalty of perjury 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.

Original Signature in Dockets  
Teraja` Golston