

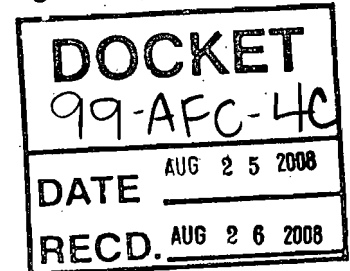
CALIFORNIA ENERGY COMMISSION

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SACRAMENTO, CA 95814-5512
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August 25, 2008

Mark Silberstein
Executive Director
Elkhorn Slough Foundation
P. O. Box 267
Moss Landing, CA 95039



MOSS LANDING POWER PLANT MITIGATION FUNDS: APPROVAL OF PROPOSAL TO ALLOCATE \$553,159 IN ACCORDANCE WITH NPDES No. CA0006254 AND COMMISSION CONDITION OF CERTIFICATION BIO-7 FOR THE ACQUISITION OF THE FORMER GREENPOINT PROPERTY (APN 412-062-014)

Dear Mr. Silberstein:

This letter approves your July 22, 2008 request to allocate \$553,159, from the Elkhorn Slough Environmental Enhancement and Mitigation Plan Fund for the purchase of the Green Point property, which is adjacent to protected property owned by Elkhorn Slough Foundation. This fund was originally established with \$7,000,000.00 in mitigation monies from the Moss Landing Power Plant, as provided for in the Commission's Moss Landing Decision (99-AFC-4) Condition of Certification BIO-7. The information you submitted indicates the conditions of the land purchase set forth in the Memorandum of Understanding (MOU) (among the Central Coast Regional Water Quality Control Board, the California Energy Commission and the Elkhorn Slough Foundation) and the Elkhorn Slough Environmental Enhancement and Mitigation Program Plan (Mitigation Program Plan) were met. The proposed land purchase is consistent with the Mitigation Program Plan. In summary:

1. This property ranks high in the Mitigation Program Plan process because of its strategic connection to wetlands, the potential to restore wetlands, and the property's location relative to existing protected lands.
2. The property has been over-grazed for many years which has resulted in unnecessary soil erosion and pesticide/nutrient run-off into Carneros Creek, which feeds into Elkhorn Slough.
3. The patterns of current and historic land-use have degraded the function and ecological richness of the down-stream wetlands, reducing their health and productivity.
4. This proposed acquisition will be another step in rectifying the habitat degradation because grazing will be stopped. This acquisition represents another

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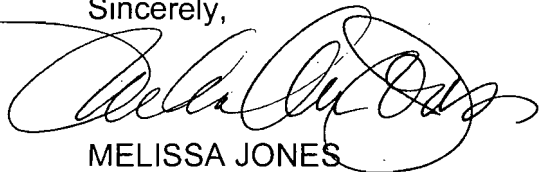
step in improving the overall aquatic environment associated with Elkhorn Slough.

5. This property sold in 2005 for \$1,250,000. It was foreclosed in 2007. After long and arduous negotiations, the Elkhorn Slough Foundation is purchasing this property for \$530,000. Final transaction costs will be \$23,159. The total project cost will be \$553,159.

The MOU allows the Advisory Team 10 working business days to send comments and questions on the proposal to the Commission. To date we have not received any comments or questions on this proposal.

Thank you for submitting this proposal and good luck with the project. If you have questions, please contact Donna Stone of my staff at (916) 654-4745.

Sincerely,



MELISSA JONES
Executive Director

cc via e-mail

Ross Clark, Coastal Commission
Becky Christianson, Elkhorn Slough National Estuarine Research Reserve
Steve Shimek, The Otter Project
Kaitlin Gaffney, Center for Marine Conservation
Roxanne Jordan, IFR and FAOML
Andrew De Vogelaere, Monterey Bay Marine Sanctuary
Kris Berry and Jeff Main, Monterey County Planning
Jeff Cann, California Department of Fish and Game
Lee Genz, LS Power, Moss Landing LLC
Tom Hart, Fisherman's Association of Moss Landing
Jennifer Soloway, Regional Water Quality Control Board