

DOCKETED

Docket Number:	99-AFC-01C
Project Title:	Elk Hills Power Project - Compliance
TN #:	223663
Document Title:	Letter - Elk Hills Power Project - Condition of Certification SOIL&WATER-5 Request for Information 20180529
Description:	Elk Hills Power Project - Condition of Certification SOIL&WATER-5 - Letter to Elk Hills Power Requesting The Nature Conservancy 2017 Budget Expenditure 20180529
Filer:	Mary Dyas
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	6/4/2018 2:01:22 PM
Docketed Date:	6/4/2018

CALIFORNIA ENERGY COMMISSION

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



May 29, 2018

Brandon Myers
Plant Manager | Elk Hills Power, LLC
California Resources Corporation
4026 Skyline Road
Tupman, CA 93276

**SUBJECT: ELK HILLS POWER PROJECT (99-AFC-1C) CONDITION OF
CERTIFICATION SOIL&WATER-5 – REQUEST FOR INFORMATION**

Dear Mr. Myers,

The information contained in the Annual Cosumnes River Status Reports filed by The Nature Conservancy (TNC) is helpful for determining whether Elk Hills Power Project (EHPP) is in compliance with Condition of Certification SOIL&WATER-5 in the California Energy Commission's Final Decision for the EHPP. Elk Hills Power, LLC (EHP, project owner) has also provided Energy Commission staff with a general financial report (see the attached information provided by Kristen McInnes of TNC in a February 9, 2018 email). Energy Commission staff requests some additional information, as discussed below.

The Energy Commission Final Decision for the EHPP contains Condition of Certification SOIL&WATER-5¹ which states:

"The Project shall fund the acquisition of water or water rights for the purpose of water conservation or environmental enhancement. Such funding shall result in at least 1000 acre feet per year of water conservation or environmental enhancement over the life of the Project, except that such funding shall total no more than an annual payment of \$100,000 with 3.5 percent per year added thereafter. The first payment shall be made when commercial operation begins, and a payment shall be made each year thereafter for the life of the Project. The measure(s) will be selected by mutual agreement of the Developer [project owner] and CURE [California Unions for Reliable Energy]. Examples of such measures include, but are not limited to, the following:

- a. Contribution to the CalFed Environmental Water account, which is the option preferred by the Parties;
- b. Acquisition of water from Berenda Mesa Water District that could be applied to environmental enhancement purposes in the Delta or otherwise managed to promote water conservation.

Verification: Within sixty (60) days after commercial operation of the project and thereafter in the Annual Compliance Report, the project owner shall submit evidence of payment as required by the above condition for

¹ Elk Hills Power Project (99-AFC-1C), Energy Commission Final Decision.

http://www.energy.ca.gov/sitingcases/elkhills/documents/2000-12-22_DECISION.PDF

Mr. Brandon Myers
Elk Hills Power, LLC
May 29, 2018
Page | 2

water conservation or environmental enhancement to the CalFed Water Account, or to such other recipient as may be mutually agreed upon by the project owner and California Unions for Reliable Energy (CURE). Project owner shall also provide a letter from CURE identifying the mutually agreed upon recipient.”

In 2003, EHP and TNC entered into an agreement that EHP would provide TNC funding to “assist TNC in its effort to restore natural flow conditions on the Cosumnes River which is intended to provide the basis for broader, statewide evaluation of environmental and water supply benefits to accrue from reservoir re-operation coupled with groundwater banking.” It is also noted that EHP chose to implement the environmental enhancement portion of Condition of Certification SOIL&WATER-5, as opposed to the water conservation portion of the condition.²

While annual reports from TNC to EHP between 2004 and the present note that TNC will provide written reports detailing program expenditures and progress toward program objectives and plans for future activities, the reports have not contained detailed expenditure information. In an effort to determine if the mitigation efforts of Condition of Certification SOIL&WATER-5 have been effective, Energy Commission staff requires additional information from EHP detailing the specific TNC program expenditures for the funds TNC has received from Elk Hills Power, LLC. Within 30 days of receiving this letter, please provide details on how the annual expenditures are allocated between specific tasks or activities for the most recent reporting period (2017 Annual Report). We also request that EHP provide this additional information in future annual reports.

Please contact Mary Dyas, Compliance Project Manager, at (916) 651-8891 or at mary.dyas@energy.ca.gov if you have any questions.

Sincerely,



Christine Root
Compliance Office Manager
Siting, Transmission, & Environmental Protection
Division

Attachment

cc: Kristen McInnes, Director, Corporate and Foundation Relations, TNC
Sonnie Pineda, California Resources Corporation

² Annual letters from The Nature Conservancy to Elk Hills Power, LLC between 2004 and present provided in Annual Compliance Reports filed for the Elk Hills Power Project.

From: Kristen McInnis [<mailto:kristen.mcinnis@TNC.ORG>]
Sent: Friday, February 09, 2018 11:20 AM
To: Rodriguez, Raymond <Raymond.Rodriguez@crc.com>
Cc: Pineda, Sonnie T <Sonnie.Pineda@crc.com>
Subject: RE: Follow up

Hi Raymond,

The financial report that we discussed is below. Please review and then we can discuss next steps.

Kristen

Fiscal Year	Dates	Total Received	Total Expenses	Balance
FY2004	7/1/2003-6/30/2004	100,000.00	73,835.29	26,164.71
FY2005	7/1/2004-6/30/2005	103,500.00	127,546.46	2,118.25
FY2006	7/1/2005-6/30/2006	107,122.50	54,900.70	54,340.05
FY2007	7/1/2006-6/30/2007	110,871.27	41,924.91	123,286.41
FY2008	7/1/2007-6/30/2008	114,695.87	1,147.26	236,835.02
FY2009	7/1/2008-6/30/2009	118,650.87	13,179.96	342,305.93
FY2010	7/1/2009-6/30/2010	122,925.53	52,271.89	412,959.57
FY2011	7/1/2010-6/30/2011	127,227.00	80,124.34	460,062.23
FY2012	7/1/2011-6/30/2012	131,681.00	4,551.25	587,191.98
FY2013	7/1/2012-6/30/2013	136,290.00	131,871.80	591,610.18
FY2014	7/1/2013-6/30/2014	141,060.00	335,317.65	397,352.53
FY2015	7/1/2014-6/30/2015	145,997.00	375,929.94	167,419.59
FY2016	7/1/2015-6/30/2016	151,107.00	110,023.53	208,503.06
FY2017	7/1/2016-6/30/2017	156,396.00	159,107.96	205,791.10
		1,767,524.04	1,561,732.94	205,791.10