



# Supplement to 4/18/16 MPWMD Board Packet

Attached are copies of letters received between March 8, 2016 and April 8, 2016. These letters are listed in the April 18, 2016 Board packet under Letters Received.

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
Mark Stone	Catherine J. K. Sandoval	3/22/2016	Pure Water Monterey Project
Sam Farr	Catherine J. K. Sandoval	3/14/2016	Pure Water Monterey Water Recycling and Purification Project
Brent Constantz	MPWMD Board	3/8/2016	DeepWater Desal LLC Status Report

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MAR 08 2016

**Date:** March 8, 2016

**Memo from:** Brent Constantz, Ph.D.

**Subject:** DeepWater Desal LLC Status Report

MPWMD

DeepWater Desal LLC (DWD) is pleased provide the following update on our progress towards developing the Monterey Bay Regional Water Project, a desalination plant and datacenter complex in Moss Landing, California.

The Drought has made the public aware of how overdrafted the groundwater basins around Monterey Bay have caused lasting environmental harm to the species that rely on the springs and rivers that feed into the bay. This was, of course, the motivation that led the State Water Board to order CalAm to stop overdrafting the Carmel River in the first place. Reducing surface water withdrawals doesn't avoid the harm to fish if it is replaced with groundwater pumping. Groundwater provides the critical base flows needed during times of low flow so overdrafted groundwater basins contribute to damaging fish habitat. The State of California has now imposed regulations affecting groundwater sustainability which will have further restrictive impacts on the groundwater basins of our region. Conservation and new sustainable sources are being studied including desalination which is known and proven as a method around the world in providing a sustainable potable water supply.

DWD has invested approximately \$8.0 million in the project to date including approximately \$7 million from founders and our investors, as well as in-kind grant funding from the Monterey Peninsula Water Management District and in-kind funding from Dynegy's Moss Landing Power Plant. DWD has filed applications for permits from the California State Lands Commission (CSLC) and Monterey Bay National Marine Sanctuary. Those agencies will act as the lead agencies to prepare and certify a combined Environmental Impact Report and Environmental Impact Statement (EIR/EIS) to satisfy the requirements of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). We have also met with Lieutenant Governor Gavin Newsom who chaired the California State Lands Commission and briefed him on the project and our application. The Chief of the California State Lands Commission announced at a scoping session that both the Governor and Lieutenant Governor are following the project. At a California State Water Board Hearing the project received written and verbal support from Senator Bill Monning, Assemblyman Luis Alejo and Salinas Mayor Joe Gunter.

Since the CSLC issued a Notice of Preparation to begin the EIR/EIS process in June 2015 we have been making great progress on studies and design of the project. In October 2015, it was announced that the lead agencies selected Dudek, a leading environmental consulting firm, to conduct the EIR/EIS process. Dudek is a California-focused environmental consulting firm with more than 300 planners, scientists, engineers, contractors, and technicians based in San Diego. Dudek has ten regional offices located throughout California and recently Dudek completed the EIR for the Carlsbad desalination project that started producing water December 14, 2015 in San Diego County. Following certification of the EIR/EIS, our timeline will be primary dependent

upon the granting of a Coastal Development Permit from the California Coastal Commission. The company has kept the Coastal Commission proactively informed about the project and key Coastal Commission representatives and both lead agencies have met together with us about the project to reduce the chances of delays related to the Coastal Commissions subsequent review process.

Recently we hired Kim Adamson, former General Manager of Soquel Creek Water District in June. Kim is our General Manager with direct responsibility to oversee all project activities as well as performing administrative duties for our growing company. Kim has added Melanie Schumacher, also previously of Soquel Creek Water District, as full time project engineer. Kim and Melanie are currently working on preliminary design work and permitting. They are currently managing consultants performing nearly twenty-five separate design and study efforts that are required for EIR/EIS completion, with more to come in the second quarter of this year. In addition to Melanie, we have also welcomed Martha Karr in a full time administrative role.

Power costs are a major component of desalination and data center operating expenses. While our design incorporates the latest in technology and the synergy from co-locating a desalination plant with a data center, we will be using over 175 megawatts (MW) of power. That allows us to use that bulk purchasing power to initiate and negotiate long-term contracts for electrical power. The reduction in costs per MW over currently available commercial rates from published PG&E rate tables will result in many millions in annual savings to our regional water project. We have received some very attractive offers for pricing on power, which allows us to advance our discussions with anchor data center clients.

On a broader basis, beyond Moss Landing, it is apparent that the synergy between desalination and data center cooling is broadly applicable around the world, were both data storage and potable water are needed, and a lower cost and environmental impact are benefits resulting from the co-location. Recent press covering attempts by the largest tech companies to locate data centers on barges and in submarines for access to large volumes of cold water for cooling, demonstrate the common realization that the ocean represents the best renewable source of cooling. Further, the location of data centers in respect to population centers to reduce data transmission latency overlaps with the needs of population centers for potable water located in close proximity.

Our project is generating international interest. DWD was invited to submit a two-page article by Climate Change - The New Economy, the principal publication of the COP-21 Paris conference in November featuring DWD's innovative project. DWD is also invited to present our project as a case study at back to back global conferences of the Association for Data Center Management Professionals, where the leading global data center and technology groups gather including Google, Facebook, etc. National Geographic magazine has also contacted DWD regarding a summer issue article focused on the unique innovation of combining desalination and data center facilities. DWD is truly appreciative of the global interest and recognition of our teams' efforts in earning the interest in our vision and leadership.

SAM FARR  
20th DISTRICT CALIFORNIA

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March 14, 2016

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MAR 14 2016

MPWMD

Catherine J. K. Sandoval  
Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

Re: Pure Water Monterey water recycling and purification project

Dear Commissioner Sandoval:

I have been proud to serve the vibrant municipalities, fertile agricultural community, and outstanding natural resources of the Central Coast's 20<sup>th</sup> Congressional District since 1993. As a coastal region not connected to the State Water Project or reliant on Sierra snowmelt, our communities have to depend on development of local water supplies to meet their needs. I am writing to call your attention to one such project – Pure Water Monterey.

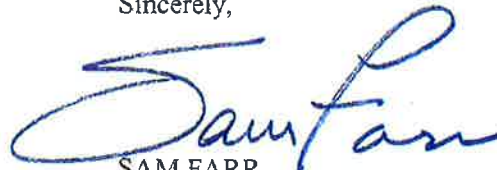
Pure Water Monterey is an advanced water recycling and purification project which brings multiple benefits to more than one region. The project will bring a new source of agricultural irrigation water to the growers in the northern Salinas Valley, one of the State's largest and most diverse agricultural regions. Highly purified drinking water will be made available to the cities of the Monterey Peninsula, which have faced chronic water shortages since the 1990s, and have become leaders in water conservation.

Furthermore, the environmental benefits of the project are many: Pure Water Monterey will allow the desalination plant being proposed for the region to be downsized, reducing its carbon footprint and decreasing brine discharged to the National Marine Sanctuary. The project will also divert and clean wastewater, stormwater, and high-nitrate spent agricultural irrigation water removing them from our river, estuary, and National Marine Sanctuary.

I strongly support this project and encourage the California Public Utilities Commission to consider the facility's multi-region benefits in evaluating and approving the project.

Thank you very much for your attention to this innovative approach to water independence.

Sincerely,



SAM FARR  
Member of Congress



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# Assembly California Legislature



**MARK STONE**  
CHAIR, JUDICIARY  
ASSEMBLYMEMBER, TWENTY-NINTH DISTRICT

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March 22, 2016

Commissioner Catherine J.K. Sandoval  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

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MAR 17 2016

MPWMD

Dear Commissioner Sandoval:

I am writing in support of Pure Water Monterey, a project developed jointly by the Monterey Peninsula Water Management District and the Monterey Regional Water Pollution Control Agency.

This multi-region, multi-benefit project seeks to augment the highly limited potable water supply for Monterey County. With the December 2016 deadline from the State Water Board's Cease and Desist Order fast approaching, California-American Water must cease unlawful diversions from the Carmel River, dramatically reducing the available water supply for the area. The loss of this water combined with the ongoing drought in California poses a substantial threat to the tourism and agriculture sectors which drive economic health in the County.

Pure Water Monterey is a key element in the portfolio of proposed water supply solutions Monterey County is considering to address this shortage. This system of advanced water recycling and purification presents an innovative approach which will take wastewater as well as agricultural produce wash water, storm water, and used irrigation water and purify it through a process which complies with or exceeds strict state and federal standards. The purified potable water will then be delivered to the Monterey Peninsula and irrigation water delivered to agricultural operations in North Monterey County.

With Pure Water Monterey in operation, the region will be able to pursue a smaller desalination plant, reduce potentially polluted discharge into the National Marine Sanctuary, and clean up discharge to the Salinas River. The project presents a legal, environmentally preferable regional replacement water supply solution on a timeline anticipated to be faster than the proposed desalination plant.

Thank you for your consideration of this worthy project. If you have any questions, please feel free to contact me at (831) 649-2832.

Sincerely,

Mark Stone  
Assemblymember  
Twenty-Ninth District

