

CARLSBAD DESALINATION PROJECT

2007 YEAR IN REVIEW

ISSUE 13 ♦ WINTER 2008

THIS PAST YEAR, the Carlsbad Desalination Project achieved monumental milestones. Our 2007 Year in Review newsletter reflects on the past year's key accomplishments and offers our sincere gratitude as we look forward to an equally successful 2008 and the start of project construction.

Thank You San Diego

2007 has been a momentous year for the Carlsbad Desalination Project and we couldn't have come this far without such broad support. The California Coastal Commission's approval of the project this past November is a reflection of the community's unrelenting dedication to the project over the course of many years.

The region's elected officials and staff, public water agencies, business associations, labor unions and individual taxpayers united behind the project. We are grateful for the leadership that resulted in the unanimous, bipartisan support from

San Diego's entire Sacramento and Washington, DC delegations and local elected officials.

On behalf of Poseidon Resources and our public water agency partners, we want to thank the project's host City of Carlsbad, our elected officials and the greater San Diego County community for supporting the Carlsbad Desalination Project.



Coastal Commission Approval

In November, the Carlsbad Desalination Project moved one step closer to providing San Diego with a new, locally-controlled water supply. After nearly 9 hours of presentations and public testimony, the California Coastal Commission voted 9 to 3 to grant the project a coastal development permit.

As part of our efforts to make this the most environmentally-sensitive and energy efficient project possible, Poseidon Resources has voluntarily offered to attach multiple conditions to the permit. We will be spending the next several months finalizing the details of our Coastal Habitat Restoration and Enhancement Plan and our Climate Action Plan. These two efforts are important to us and represent our commitment to ensure that the project balances the needs of our community by providing a critical new water supply while enhancing the coastal environment we all cherish.

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Poseidon expects to finalize the project's lease agreement with the State Lands Commission and then return to the Coastal Commission to present these two plans during the first half of 2008.

Going Carbon Neutral

This past October, Poseidon unveiled a Climate Action Plan – a voluntary and unprecedented commitment that will make the Carlsbad desalination plant the first major California infrastructure project to eliminate its carbon footprint. In doing so, the project is advancing the state's goals as embodied in AB 32, California's ground-breaking Global Warming Solutions Act.

The Carlsbad plant utilizes electricity but will not produce carbon emissions. Poseidon established its carbon production estimate using certified 2007 data for San Diego Gas & Electric (SDG&E) – the plant's likely energy provider – following the California Climate Action Registry (CCAR) protocols. AB 32 established CCAR as the recognized clearing-house for greenhouse gas production data and protocols.

By incorporating advanced technologies including state-of-the-art efficiency measures, green-building design and solar panels, purchasing renewable energy credits and funding carbon offset projects to reduce carbon emissions from other sources, Poseidon will reduce the plant's overall energy requirements and

eliminate the Carlsbad facility's carbon footprint. The commitment also includes a \$1 million reforestation program, which will help aid in the recovery from the recent wildfires that ravaged San Diego County.

By producing 50 MGD of potable water in San Diego, the project will replace on a one-to-one basis water that must be pumped into the region from other parts of the state. This is significant because AB 32 requires that each sector of the economy get back to 1990 levels of greenhouse

gas (GHG) production. The Carlsbad Desalination Project is one element of a much broader regional strategy the San Diego County Water Authority (Authority) is pursuing to improve the diversity and reliability of the region's water supply by reducing the dependence on imported water. The implementation of the Authority's Regional Water Supply Master Plan will result in a 17% reduction in the total energy needed to acquire and treat water for the San Diego region – including the

Poseidon Awarded Forbes Magazine Top 100 Going Green Companies

P O S E I D O N R E S O U R C E S was recently recognized as one of the United States' top 100 companies to be "Going Green" by Forbes Magazine. This honor is in recognition of Poseidon's voluntary commitment to render the Carlsbad Desalination Plant carbon neutral. This is the first major infrastructure project in the state of California to voluntarily commit to carbon neutrality. Poseidon's Climate Action Plan identifies a menu of seven potential measures to erase the Carlsbad facility's carbon footprint. Poseidon plans to utilize the highest efficiency equipment and incorporate green building standards in the project design; obtain a portion of the energy required for the project from solar power generation; plant trees and restore wetlands to sequester carbon; purchase carbon offsets and/or acquire renewable energy credits. Through a combination of these measures Poseidon will ensure that the operation of the Carlsbad Desalination Project does not contribute to Global Warming. ■



desalination project – and will bring the water sector's total energy consumption below 1990 levels.

Desal Partners Launched

In 2007, eight public water agencies signed a joint resolution forming the **San Diego Desal Partners** – an organization of San Diego County public water agencies dedicated to the successful completion of the Carlsbad Desalination Project. This remarkable cooperation between public agencies underscored the critical need for the project and played an instrumental role in the project securing a Coastal Development Permit from the California Coastal Commission.

In December, the Oceanside Municipal Water District became the ninth San Diego County public water agency to sign a long-term water purchase agreement joining the original eight members of the **San Diego Desal Partners**: Carlsbad Municipal Water District, Valley Center Municipal Water District, Rincon del Diablo Municipal Water District, Sweetwater Authority, Rainbow Municipal Water District, Vallecitos Water District, Santa Fe Irrigation District and Olivenhain Municipal Water District.

The nine agencies represent agricultural, industrial and municipal ratepayers throughout the County of San Diego, stretching from the South Bay to our northern borders and east

to the mountains. The members of the **San Diego Desal Partners** share the common goal of improving water supply reliability in the San Diego region through reduced dependence on imported water.

Heading into 2008, the Carlsbad Desalination Project's capacity is fully subscribed; each member of the **San Diego Desal Partners** has signed a 30-year contract to purchase water from the Carlsbad Desalination Project, ensuring the project's benefits are spread regionally. The contracts lock in the price of the desalinated water, protect San Diego's ratepayers from financial risk and guarantee the public water agencies control when, where and how the water is used.

Local Workforce to Build Plant

During the past year, Poseidon Resources chose an internationally-renowned team to design, engineer, and construct the Carlsbad Desalination Project. The team includes American Water, Acciona Agua, PBS&J, and J.R. Filanc Construction Company. Collectively, these four companies combine decades of experience in building large scale infrastructure projects, and their scientists and engineers include some of the leading experts in seawater desalination from around the world.

In December, Acciona and Filanc, the master contractors for the project

signed a Project Labor Agreement (PLA) with the San Diego Building and Construction Trades Council. The agreement guarantees that one of the most important water infrastructure projects in San Diego County history will be built by a local, skilled, workforce. The agreement provides certainty as to the cost of labor and keeps the project on schedule and on budget.

The PLA represents a unique collaboration between the people who live and work in our community. The desalination plant will provide San Diego's residents and businesses with a new source of affordable drinking water while creating significant economic benefit for the employers and employees of San Diego County. The project is expected to generate an estimated \$170 million in spending during construction, 2,100 jobs created during construction, and \$37 million in annual spending throughout the region once the desalination plant is operational.

The members of San Diego County Building and Construction Trades Council are responsible for building some of the region's most important public and private facilities and infrastructure projects. Many of these successful projects incorporated project labor agreements, including the San Diego Convention Center expansion, the Padres ballpark, and the Otay Mesa and Escondido power plants.

Visit our website at www.carlsbad-desal.com to register for up-to-the minute updates!

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**POSEIDON
RESOURCES
CORPORATION**
501 West Broadway
Suite 1260
San Diego, 92101