



Western States Petroleum Association
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Catherine H. Reheis-Boyd

Executive Vice-President and Chief Operating Officer

June 5, 2009

Mr. Charles Hoppin, Chair,
Ms. Frances Spivy-Weber, Vice-Chair
Mr. Arthur G. Baggett, Jr., Member
Ms. Tam M. Doduc, Member
State Water Resources Control Board
1001 ðlð Street,
Sacramento, CA 95814

Via E-mail: 2020comments@waterboards.ca.gov

Dear Chair Hoppin and members of the Board:

The Western States Petroleum Association (WSPA) is pleased to submit the following comments on the April 30, 2009 draft 20x2020 Water Conservation Plan. WSPA is a non-profit trade association representing twenty-six companies that explore for, produce, refine, transport and market petroleum, petroleum products and natural gas in six western states ó California, Arizona, Nevada, Oregon, Washington and Hawaii.

WSPA member companies own and operate various types of facilities (e.g., oil and gas production properties, refineries, marketing terminals, retail gasoline outlets, etc.) that will all be impacted by the Water Conservation Plan.

WSPA certainly supports water use efficiency and conservation, and its member companies have made significant contributions to these objectives. Any effort to move forward with a statewide plan to achieve a goal of a 20% reduction by 2020 should be carefully considered and implemented with a view towards feasibility and cost-effectiveness.

The following are points we would like to submit for comment during the consideration of this 20x2020 plan:

Recycled Water

While the plan references recycled water, recycled water users should be exempt from conservation mandates if they are using recycled water to the maximum extent possible.

It is also important that recycled water not be burdened by new regulatory requirements which would limit or discourage its use. New and successful technologies, such as using recycled water in cooling towers, need to be tested and implemented to insure that facility infrastructure and equipment maintenance and operation are not adversely affected by the recycled water.

Establishing Baselines

WSPA is concerned whenever baselines are established that appropriate credit is given for early, voluntary water conservation actions. Water is a costly raw material for businesses that must use it and a resource that directly affects the bottom line, as well as a company's environmental and sustainability program.

Many of our member businesses have made significant investments in water use efficiency, consistent with their business models, customer and marketing considerations, technological feasibility, and cost-effectiveness.

Any plan addressing use of water in the commercial, industrial, and institutional (CII) setting must take into account significant actions that have already been taken (particularly in the area of recycled water use), the vast complexity of water use in this setting across different regions, industries, and economies of scale, and the ability to increase production on stable and reliable water supplies.

Principles for Addressing Commercial, Industrial, and Institutional (CII) Water Use Efficiency in the Urban Setting

CII water use should be accounted for separately from residential and agricultural use. Efficiency and conservation in the CII setting is not as well understood or easily characterized as in either the residential or agricultural setting. For this reason, efforts to quantify CII use based upon gallons per capita per day, arbitrary percentage use reductions, or similar metrics, are meaningless.

A reasonable approach to CII includes two elements: (1) reasonable compliance with the California Urban Water Conservation Council BMPs for CII, as those may be amended from time to time, and (2) the establishment of a task force (convened by the CUWCC) to provide recommendations to the legislature for any meaningful non-arbitrary measures for further achieving reasonable efficiency improvements in CII water use.

Reasonable compliance with CUWCC BMP's for CII should include:

- Protection of CII customers who have already implemented measures that are identified in the BMP
- Credit for prior development of recycled water projects that serve CII uses or customers
- Preference for increased efficiency (improving productivity on stable water use) as opposed to absolute reductions in water use
- Local cost-effectiveness to districts and customers, and
- Regional achievement of any performance targets

Principles that should be included in the work of the task force:

- Metrics which are appropriate to the water use in question
- Appropriate consideration of water used for cooling and other uses in manufacturing processes
- Appropriate consideration of water used as an ingredient in manufactured goods
- Local cost-effectiveness
- Appropriate credit for use of recycled water, and issues associated with quality of recycled water
- Consideration of the regional nature of projects that would provide significant recycled water supplies to CII uses
- Consideration of regional achievement of objectives
- Consideration of the need for offsite public infrastructure to provide significant recycled water supplies to CII uses

Members of the study commission should include representatives of DWR and SWRCB, retail water suppliers in Northern and Southern California, appropriate trade groups and organizations representing CII water users, and environmental organizations.

All recommendations would have to be consensus, and funding should come from the participants. A similar recent example is the urban landscaping taskforce, see <http://www.owue.water.ca.gov/landscape/ord/updatedOrd.cfm/#PageTop>.

Funding Mechanisms

WSPA acknowledges that in order to achieve the aggressive goal of 20% water reduction by 2020, funding will be needed for program implementation, as well as to provide incentives for CII water reduction and reuse.

Although the 20x2020 proposes various options discussed in the State's Greenhouse Gas legislation, such as cap-and-trade and a public goods charge, development of these solutions will be challenging due to the complexity of regional water management, as well as significant questions about the suitability of these tools for achieving locally cost-effective conservation.

A public goods water charge would not be appropriate on top of the rates that water customers already pay, and would likely be an illegal tax if not adopted in accordance with the requirements of Propositions 13 and 218, as well. WSPA would appreciate the opportunity to participate in development of these solutions when the time arises.

Thank you for the opportunity to submit these comments. Please feel free to contact me at this office or Michaelleen Mason of my staff at (916)498-7753 should you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cathy A. Boyle". The signature is fluid and cursive, with the first name "Cathy" being the most prominent.

cc: Dorothy Rice, SWRCB Executive Director
Jonathan Bishop, SWRCB Chief Deputy Director
Tom Howard, SWRCB Chief Deputy Director
Michaelleen Mason, WSPA Director State Regulatory Affairs