



**\*\*NEWS RELEASE\*\***

**FOR IMMEDIATE RELEASE**  
**November 10, 2009**

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## **Metropolitan Water District Approves Seawater Desalination Program Agreement**

San Diego, CA – The San Diego Desal Partners today announced that the Board of Directors Metropolitan Water District of Southern California (MWD) voted to approve a Seawater Desalination Program (SDP) agreement with the San Diego County Water Authority (SDCWA) and nine local retail agencies. The agreement provides the nine local water retail agencies, known as the San Diego Desal Partners, with a \$250 per-acre-foot incentive towards the purchase of desalinated water from Poseidon Resources' Carlsbad Desalination Project.

“We greatly appreciate the support that Metropolitan Water District has demonstrated on behalf of desalination. With the ongoing drought, legal and environmental challenges, and State Water Project infrastructure challenges, the Seawater Desalination Program is a smart investment in California’s water stability both now and for the future,” said Valley Center Municipal Water District General Manager Gary Arant. “The water produced locally by our private partner, the Carlsbad Desalination Project, will assist our region in developing a more diverse water portfolio while reducing our dependence on imported water at no risk to taxpayers.”

MWD first initiated the Seawater Desalination Program in 2001 when it issued a Request for Proposals from interested water agencies to build and operate seawater desalination facilities. The RFP’s goals were to: assist local projects that improve regional water supply reliability and avoid or defer MWD capital expenditures; emphasize cost-efficient participation in projects; provide financial assistance to sponsoring member agencies of up to \$250 per-acre-foot based on project production for agreement terms up to 25 years; and schedule project production according to regional need. MWD’s 2004 Integrated Resources Plan also called for developing 150,000 acre-feet-per-year of desalinated seawater supplies in its service area.

The Carlsbad facility is the first desalination plant in MWD’s service area to reach the project construction phase.

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In 2005, MWD authorized entering into a SDP agreement with SDCWA and its sub-agencies for up to \$14 million annually in financial incentives. The agreement meets all of the program's goals and guarantees that public funds are properly expended and accounted for, payments are made only for water that is actually delivered, and project costs are minimized. Finalizing this agreement allows the project developers, Poseidon Resources, to move forward in securing favorable financing for project construction.

Since 1998, Poseidon Resources has been working in a public-private partnership with the City of Carlsbad and eight other public water agencies to construct a 50-Million-Gallon-Per-Day (MGD) seawater desalination plant at the site of the Encina Power Station to provide a cost-certain, locally-controlled, drought-proof supply of water. Once operational, the Carlsbad desalination plant will provide enough drinking water to serve 300,000 residents annually at a guaranteed price and at no risk to taxpayers. The \$300 million desalination project is scheduled to be operational in 2012.

*Poseidon Resources specializes in developing and financing water infrastructure projects, primarily seawater desalination and water treatment plants. These projects are implemented through innovative public-private partnerships in which private enterprise assumes the developmental and financial risks. For more information on Poseidon Resources and the Carlsbad desalination plant visit our website at [www.carlsbad-desal.com](http://www.carlsbad-desal.com).*

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