

Director's Comments by Kris Lindstrom
August 18, 2003

Seawater Desalination

Report of California Coastal Commission

Excerpts:

"... many water agencies and purveyors are interested in reducing their dependence on imported water supplies and view desalination as providing a reliable and local source of water."

Concerns about desal are "due primarily to the potential for desalination to create growth and adverse effects beyond the capacity of California's coastal resources."

"It is therefore likely that the reviews of the first set of upcoming proposed facilities will require comprehensive, detailed, and specific analysis to ensure the facilities meet applicable policies and allow the state to maintain and protect its coastal resources."

Initial findings include that fact that:

"There will likely be significant differences in applying Coastal Act policies to public or private desalination facilities: The Coastal Act is based on the coastal resources of California being public resources and the consumptive use of seawater by private interests will require thorough evaluation and adequate assurances that public uses and values will be protected." (page 4)

"One difference between the proposed use of seawater for desalination and other examples above (of public trust resources) is that the shift from public trust or common good resource to that of a privatized market commodity has not yet happened in California"

"Recently, provision of water, or "water services", are being seen as a potentially lucrative investment opportunity by domestic and multinational businesses seeking to make inroads into the public service sector as profit-making ventures. Public agencies faced with declining revenues and competition among demands for public services as a result, in large measure, of population growth and development pressures are increasingly considering private sector offers to provide "better and cheaper" water services. With the current interest in "deregulation", "privatization", and "running government like a business", there is a potential for commodification and privatization of ocean waters that, from the served community's perspective, may prove to be environmentally, socially and economically ill advised."

Primary Coastal Act concerns raised in connection with privatizing public serving water systems relying on desalination revolve around the possible direct and indirect long-term

adverse impacts on the integrity and vitality of coastal resources including increased pressure for new coastal development, proliferation of facilities, impairment of quality and affordable public services, public safety, entrainment of marine organisms, disincentives for water conservation and reclamation programs, and water quality. Obviously, the policy implications of allowing public trust resources (ocean waters) to be expropriated by the private sector as a commodity to be marketed for profit are far reaching.” (page 22)

Questions and concerns raised:

“Multi-national corporations are at the forefront of the drive to privatize public-serving water systems around the country and the world. The primary purpose of these entities, and their institutional nature, is to maximize profits for their shareholders and not necessarily to do what is in the best interest of the community or the environment.” (page 23)

“What is the potential that international trade agreements, laws and institutions could be used to override or impair state and local regulation of desalination facilities owned and operated by multi-national companies? This is a serious concern...continued to page 25 where it states “ Coastal Act policies related to concentration of development, siting, habitat protection, agricultural preservation, or mitigation requirements for impacts related to entrainment discharge, or runoff are likely sufficient to provoke trade challenge and may be difficult to impose under GATS in the future. “ GATTA is the General Agreement on Trade in Services

Note that California-American Water Company (Cal-Am) which owns several water utilities in the State of California (including the Monterey Peninsula) is owned by American Water Works, which in turn is owned by Thames Water, the largest water company in England, which in turn was recently purchased by RWE, an energy conglomerate firm based in Germany. The multinational corporations (Vivendi, Suez Lyonnaise and Thames) now control more than 50% of the global water market (pages 25 and 26).

“Given these risks, the state should proceed cautiously in this area, because privatization of water and water services by multinational corporations is fundamentally incompatible with the treatment of public access to drinking water as a basic human right. It also may well compromise the ability of state and local government to effectively protect the environmental quality and integrity of life in natural and human communities.”

A kicker – In February 2004, the U. S. EPA is scheduled to update rules related to the allowable level of adverse environmental effects associated with once-through cooling. These new rules could reduce the advantages of co-location if they require significant design or operational changes to the power plant to decrease levels of entrainment, or could require significant mitigation measures.