



One Water & Stewardship Committee

Proposed Supplemental Water Management Program

Item 9-3

February 13, 2024

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Potential
Supplemental
Water
Management
Program

Subject

Information on Proposed Supplemental Water Management (SWM) Program

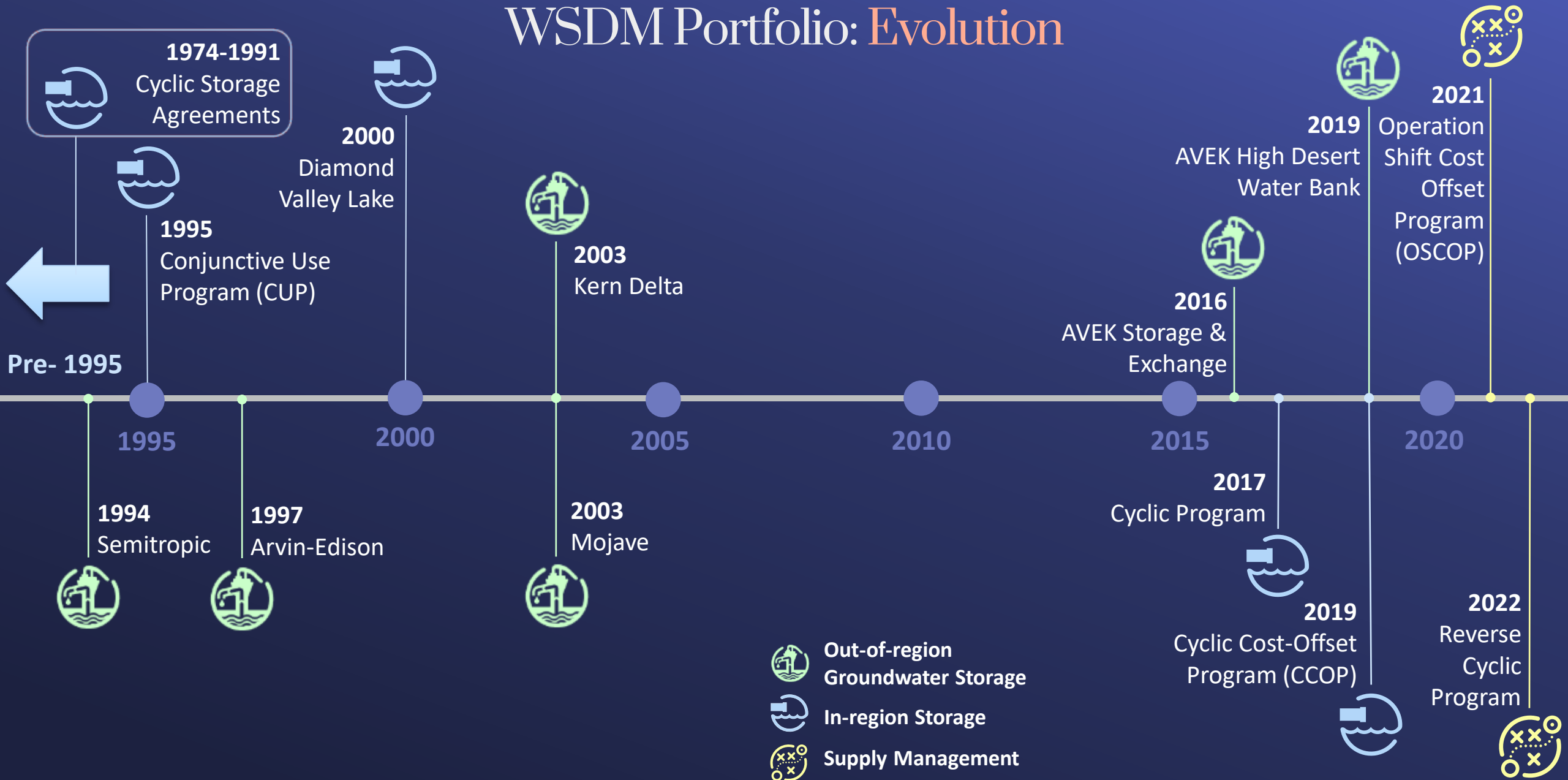
Purpose

The potential SWM Program helps expand upon WSDM actions available to manage supplemental supplies

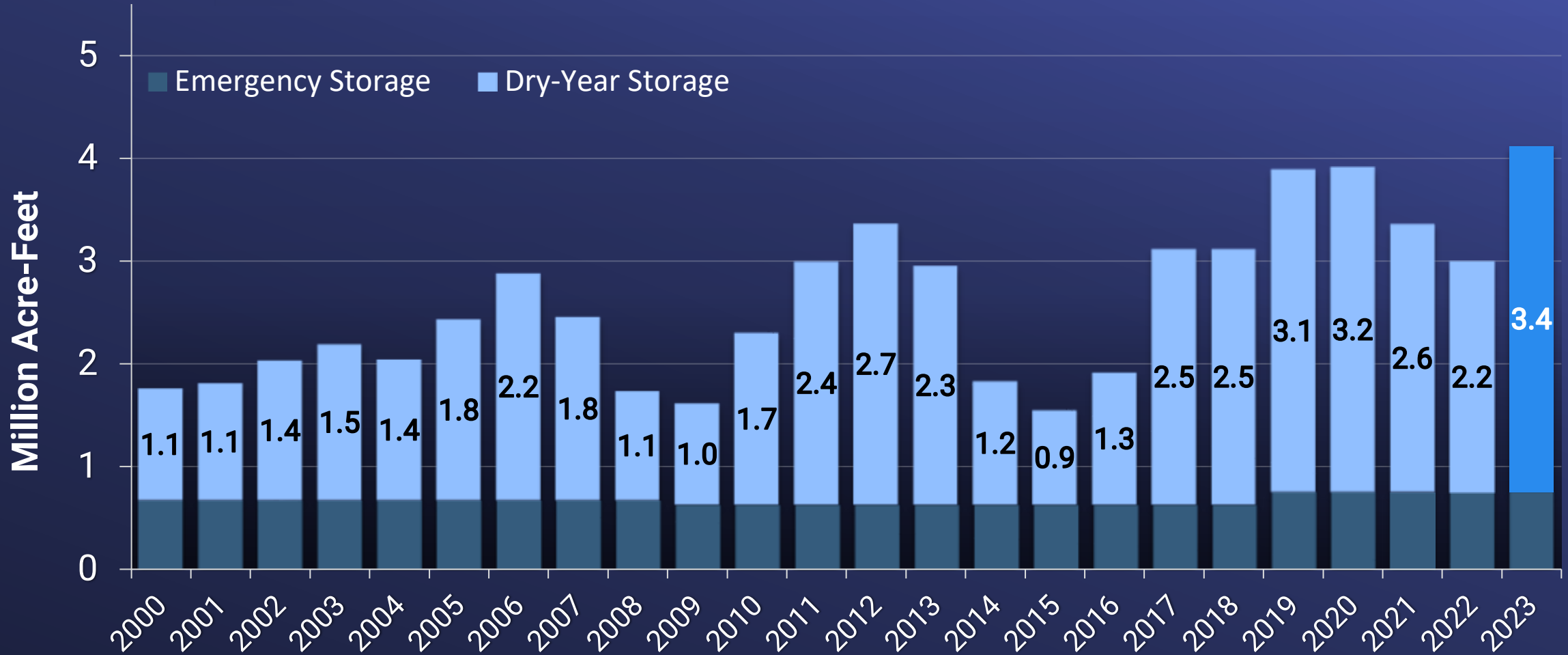
Next Steps

Incorporate committee feedback and bring as action in Spring 2024

WSDM Portfolio: Evolution



Metropolitan Dry-Year Storage : End-of-Year Balances



Note:

2023 end-of-year balance is preliminary as it is subject to USBR final accounting.

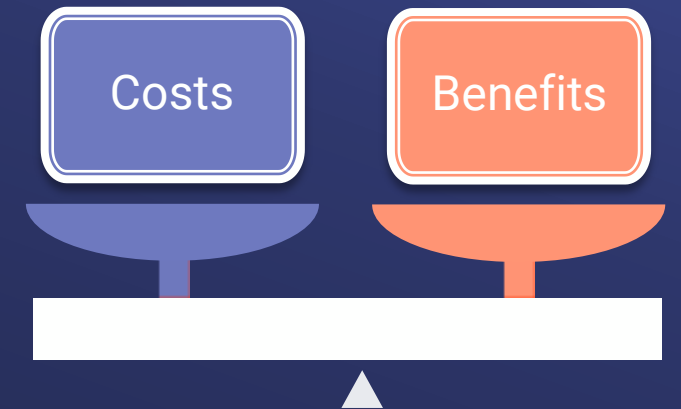
Member Agency Groundwater/ Reservoir Management Workshop

What have we tried to achieve?

- Expand Metropolitan's robust WSDM portfolio to manage supplies
 - Broaden the range of available options beyond CCOP
- Develop a program in collaboration with member agencies that helps Metropolitan manage supplemental supplies
 - Supplies above Metropolitan's ability to manage through existing programs and WSDM actions
 - Encourage member agencies to take more supplies to benefit the region

Proposed Framework Development

- Identify water management actions and associated regional benefits
- Determine Metropolitan's willingness to pay for these benefits



Water Management Actions

Put Action

Puts into Storage

Description:

Certified storage during a Metropolitan surplus year

Take Actions

Level 1 Take: MWD-Call

Description:

Certified recovery (MWD-call) during a year when Metropolitan requests recovery

Level 2 Take: Regional Shortage Allocation

Description:

Certified recovery (MWD-call) during a regional shortage allocation.

Certified recovery is accounted for as a local supply in the WSAP.

+ Potential Locational Premium

Description:

Certified recovery (MWD-call) during specific operational constraints/supply shortages on a case-by-case basis

Regional Benefits of Water Management Actions

Puts into Storage

Promotes:

- Surplus supply management
- In-region storage supplies
- Long-term local supply sustainability

Level 1 Take: MWD-Call

Relieves:

- Imported water demand
- MWD storage portfolio takes
- MWD operational constraints
- Dry-year transfer supplies

Level 2 Take: Regional Shortage Allocation

Relieves:

- Imported water demand
- MWD storage portfolio takes
- MWD operational constraints
- Critical dry-year transfer supplies
- Severity of regional shortage allocations

+ Potential Locational Premium

Relieves:

- MWD operational constraints
- Severity of location-specific shortages

Considerations for Determining Willingness to Pay Amounts

Puts into Storage \$

Comparable Actions/ Avoided Costs:

- CCOP
- Central Valley programs (puts)

Level 1 Take \$\$

Comparable Actions/ Avoided Costs:

- LRP
- Conservation efforts
- CCOP
- Central Valley programs (takes)
- CUP (takes)
- Colorado River fallowing programs
- Dry-year transfers

+ Potential Locational Premium \$

Comparable Action/Avoided Cost:

- OSCOP

Level 2 Take \$\$\$

Comparable Actions/ Avoided Costs:

- Critical dry-year transfers
- Yuba Accord dry-year transfer supplies
- Tier 2 Untreated Full-Service Rate
- WSAP allocation surcharge

Proposal Process



Annual Program Implementation

Determine
availability of
supplemental
supplies



GM Initiates
Program



Coordinate
with
Participating
Agencies



Distribute
Supplies



Terminate
Program

Additional Considerations



Encourage participation from agencies with only treated connections

- Provide payment for additional costs incurred by agency when delivering supplies at Metropolitan's request



Allow participation from agencies without storage facilities

- Increase demand on Metropolitan above established historical baseline



Extraordinary Supply

- Considered extraordinary supply as alternative to payment under Level 2 take

Additional Discussion

- Is SWM intended to replace Cyclic or CCOP?
 - **No**, the programs would work together.
 - Staff would follow WSDM process to offer Cyclic.
 - SWM and CCOP would be initiated at the same time.
- How would SWM and Cyclic work together?
 - Scheduled deliveries to Cyclic would begin first. A portion of planned Cyclic deliveries could be converted into SWM Program deliveries.
- Is this Program a rate discount?
 - **No**, member agency pays the full-service rate. Metropolitan provides payment to the member agency based on certified water management actions.

Proposed Program Terms

- General Manager will determine when SWM Program is initiated
- Deliveries must be in addition to base and other program deliveries
- Agency purchases supplies at full-service rate at time of purchase
 - Option to schedule payments over 10 years (similar to Cyclic)
- Metropolitan pays agency for certified water management action
 - Payment for certified put to storage
 - Payment for certified take from storage
- Agreement term is 10 years

Summary

The SWM Program would allow:

- Metropolitan to manage supplemental supplies that would otherwise be unmanaged
- Member agencies to purchase and take delivery of water that they otherwise would not have
- Metropolitan to collect the full-service rate revenue for water sold under the program
- Member agencies to provide water management actions that benefit the region
- Member agencies to receive payments for providing water management actions that benefit the region

Next Steps

- Incorporate committee feedback
- Action to approve in Spring 2024

