



One Water And Adaptation Committee

Proposed Modifications to the Operational Shift Cost-Offset Program

Item 6b

February 9, 2026

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Item 6b
Operational
Shift Cost
Offset
Program

Subject

Proposed Modifications to the Operational Shift
Cost-Offset Program

Purpose

Update on implementing a modified Operational
Shift Cost-Offset Program

Operational Shift Cost Offset Program

Background

- Board approval in May 2021
 - Offered in calendar years 2021 – 2023
- General Manager given delegated authority to execute agreements with Member Agencies
- Member agencies shifted delivery connections to receive Colorado River supplies instead of State Water Project (SWP) supplies
 - 87 TAF of shifted supplies
- Metropolitan provided credits to cover incurred additional costs for shifting deliveries
- Program ended in March 2023 with the increase in the SWP allocation

Operational Shift Cost Offset Program

Credit Determination

- Credit capped at the Treatment Surcharge Rate plus \$5/AF for additional costs to manage shift
- Performance-based
- Offsets additional member agency costs and impacts (e.g., treatment, pumping)

Billing

- Member Agency pays the full-service water rate
 - Capacity charge not affected
- Monthly certifications
- Credits applied to the Metropolitan invoice
- Annual reconciliation

Implementation and Modifications

Why implement an expanded OSCOP?

- Past success of OSCOP & proven benefits to MWD
- Need for quick, additional operational flexibility

Allow for operational shifts other than between State Project Water and Colorado River Water delivery connections



Operational Shift Cost Offset Program

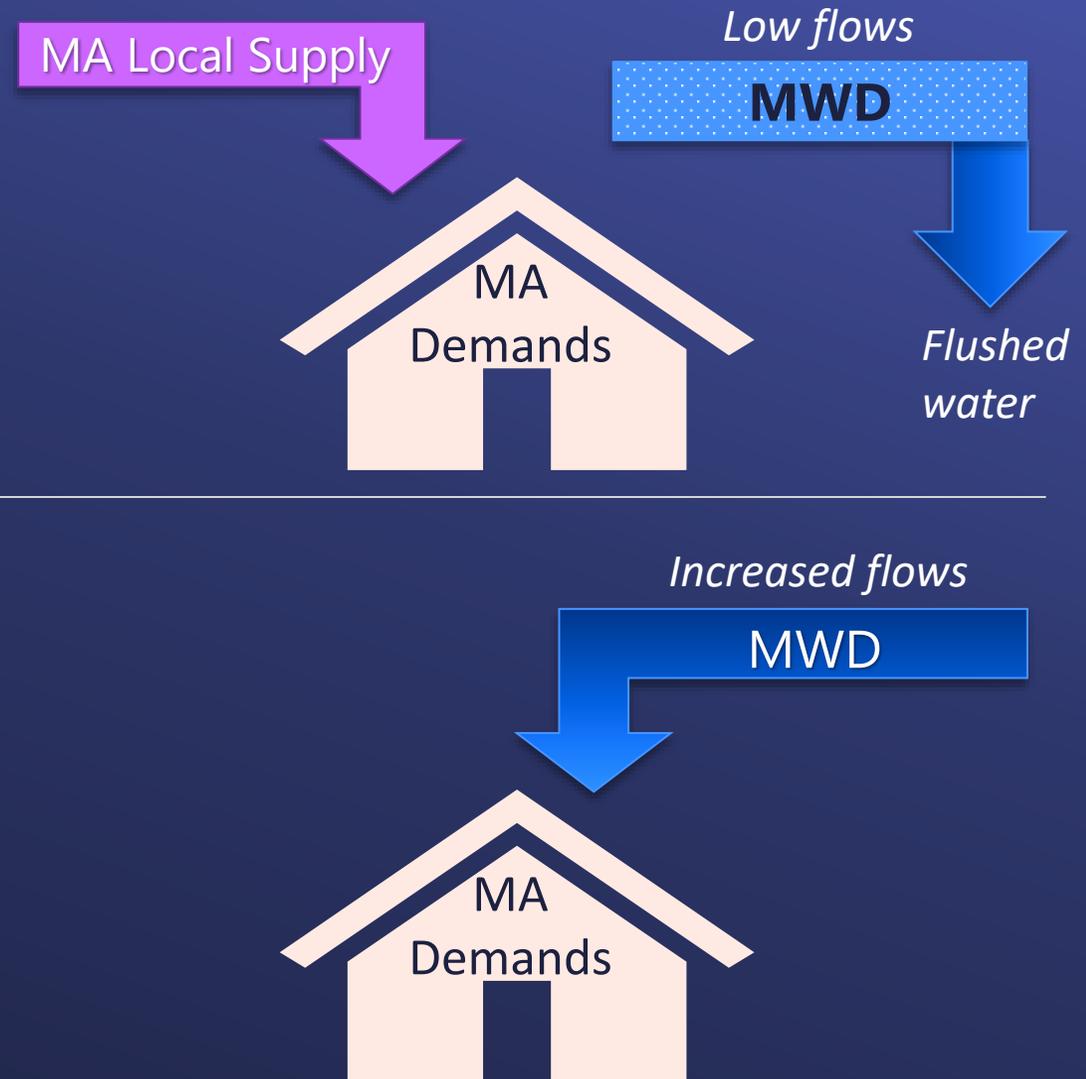
Past and Proposed Terms

	2023 OSCOP	Proposed OSCOP
Type of Shifts	SPW → CRW	SPW ↔ CRW, Extended Shutdowns, Nitrification Events, Etc.
Incentive	Capped at Treatment Surcharge Rate	Capped at Treatment Surcharge Rate
Authority	General Manager Authority	General Manager Authority

Operational Shift Cost Offset Program

Example Shift #1: Nitrification

- MA typically uses local supply
- Low flows → nitrification and flushing of MWD system
- MWD requests MA to use MWD supplies instead of local supplies
- MWD benefits through avoided flushing
- Credit provided to offset incurred costs



Operational Shift Cost Offset Program

Example Shift #2: Extended Shutdown

- Metropolitan performed a shutdown for an inspection that affected a Western service connection in 2023
- Two sleeve valves required complete refurbishment
 - Shutdown extended 4 months
- Western's retail agency had to purchase treated water instead of untreated water
- Metropolitan received Board approval to credit Western for the Treatment Surcharge incurred during the shutdown



Sleeve valve for refurbishment

Proposed Implementation Process



Operational Shift Cost Offset Program

Benefits of Actively Implementing a Modified OSCOP

- Efficient implementation of shifts
- Maximizes flexibility for operational changes
- Ability to fully utilize our diverse portfolio
- Regional reliability
- Reduces the need to purchase more expensive transfer supplies
- Eliminates financial barriers that member agencies may face to re-operate their system

Operational Shift Cost Offset Program

Next Steps

- Incorporate committee feedback
- Board Info March 2026
- Board Action April 2026

