



One Water & Stewardship Committee

Proposed Interagency Local Supply Exchange Program (ILSEP)

Item 9-2

April 8, 2024

Introduction Slide

Subject

Information on Interagency Local Supply Exchange Program (ILSEP)

Purpose

The proposed ILSEP creates a framework for Metropolitan to facilitate the exchange of extra local supply production among its member agencies

Next Steps

Receive committee feedback and incorporate into upcoming Business Model discussion

Background

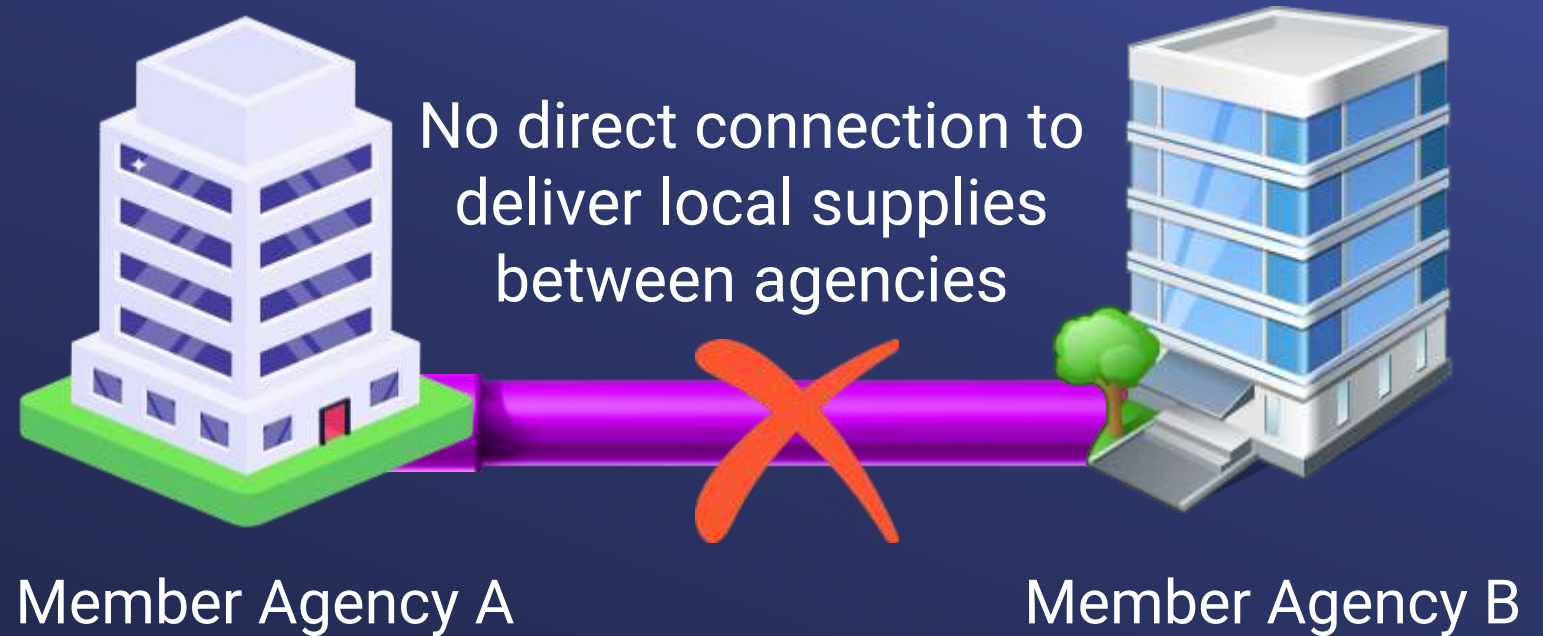


Member Agency A
has ability to increase
local supply production



Member Agency B
is interested in investing
in local supplies

No Physical Connections Between Interested Member Agencies



As Regional Agency, Metropolitan Can Facilitate An Indirect Exchange



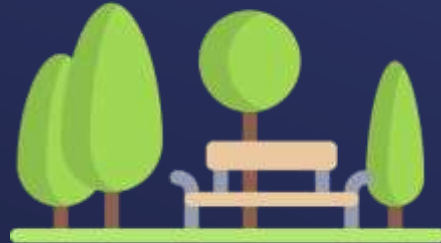
Interagency Local Supply Exchange Program (ILSEP)



A framework that would facilitate the exchange of one member agency's extra local supply to another member agency

What is the proposed framework?

Seller



Seller produces and consumes
extra local supply in
seller's service area



Buyer



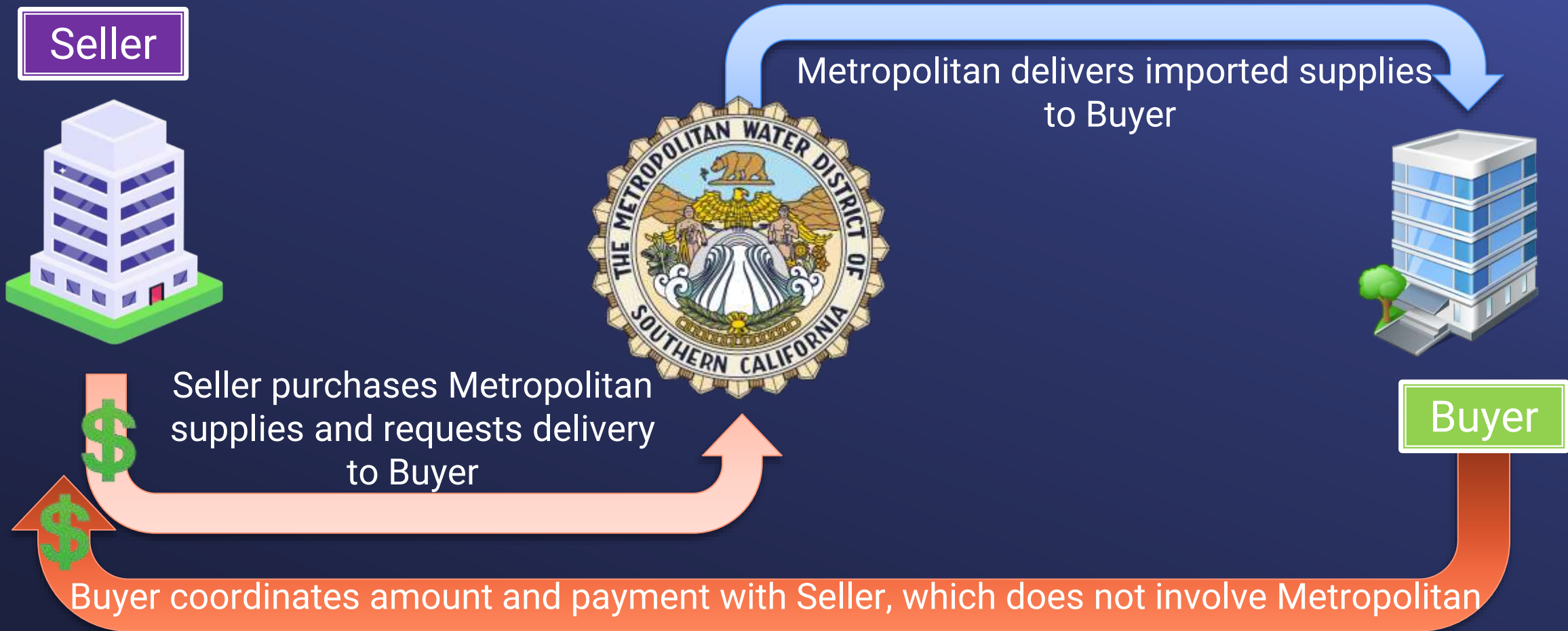
Metropolitan delivers imported water
equivalent to extra local supply
amount to Buyer's connection

What's
being
exchanged?



- Seller is receiving payment from the Buyer for the extra local supply that is now being produced and consumed in the Seller's service area
- Seller is exchanging the delivery of Metropolitan supply to the Seller's service area for the delivery of Metropolitan supply to the Buyer's service area
- Buyer is receiving the delivery of the Metropolitan water now paid by the Seller for the extra local supply now paid by the Buyer
- Buyer is receiving the benefits of new local supply

How would the water and money exchange work?



Proposed ILSEP Key Terms



- ILSEP local supply eligible for exchange must be above the seller's existing local supply production
 - *Reconciliation and certification of ILSEP water on an annual basis*
- Seller must have an imported demand on Metropolitan
 - *Seller must consume the increased local supply production in the Seller's service area and decrease equal amount of Metropolitan supplies*
- Local supplies will not be introduced into Metropolitan's system and no wheeling will be taking place
- Metropolitan will receive the full-service rate for any Metropolitan supplies delivered

What Happens During a WSAP Allocation?



The credit and benefit of the local supply production are accounted to the Buyer



The exchanged supplies are accounted to the Seller as Metropolitan purchases



Metropolitan would enforce any penalties applicable at the time of the restriction for any parties that exceed their allocated Metropolitan supplies in the WSAP

Summary



- ILSEP increases total local supply production in the region and facilitates agreements between member agencies to exchange the extra local supply in the region



Participating Member Agencies would benefit from indirect access to available local supplies



ILSEP is responsive to member agency and Board's request for a program to facilitate local supply exchanges



Update of Administrative Code is required to accommodate appropriate billing of deliveries

Next Steps



- Receive committee feedback
- Incorporate framework into upcoming Business Model discussion

