

Review of an Opt-In/Opt-Out Approach for Metropolitan's Conservation Program

Water Planning and Stewardship Committee
Item 9-1
August 16, 2010

Background

- Water Planning & Stewardship Committee
 - Requested review of opt-out approach for Metropolitan's Conservation Program
- Three areas assessed in review
 - Benefits of regional conservation program
 - Framework for an opt-out approach
 - Implementation challenges

Initial Assessment of Opt-Out

- Difficult to develop and implement
- Inconsistent with Metropolitan Policies/Programs
 - Integrated Resources Plan
 - Water Supply Allocation Plan
 - Rates & Cost of Service
 - Distribution System Design
 - Supply Development; including conservation

Metropolitan's Conservation Program

- Achieves savings through four approaches:
 - Support of codes, legislation, standards, & ordinances
 - Technical assistance for local programs
 - Education, training, & public outreach program
 - Financial incentives



General Conservation Benefits

- Regional water supply reliability
 - 2025 Integrated Resources Plan goal
 - Lessens frequency, duration, and severity of shortage
- Avoids costs
 - Operating, supply, capital
- Supports core mission
 - Bay Delta Initiative
 - State Water Project
 - Colorado River Aqueduct
 - Transfer Programs
- Increases system capacity and storage reserves



Regional Program Benefits

- Market leadership for water savings technology
 - Incentives improve the conditions for new code and product standards
- Economies of scale
 - Cost effective implementation
- Helps meet:
 - Urban Water Management Planning Act
 - SBX7-7: 20% by 2020
 - Evolving standards of “Reasonable and Beneficial Use”
- Consistent with programs for recycled water, groundwater recovery, & seawater desalination



Expectations of Metropolitan

- SB 60 (MWD Act, as amended 1999)
 - “...that [Metropolitan] expand water conservation...”
 - Metropolitan “shall place increased emphasis on sustainable, environmentally sound, and cost-effective water conservation...”
 - Requires annual reporting on “[Metropolitan’s] progress in achieving the goals”
- USBR Requirements
 - Section 210(b) – Conservation Plan
 - Part 417 – Annual water requirements
- State Board Decisions
 - Water rights & imported water approvals



Framework for Opt-Out Approach

- Member agency elects to opt-out
- MWD funding no longer available for
 - Regional incentives
 - MA-administered conservation programs
 - Agricultural incentives
- Reduced water stewardship rate
 - Based on cost of service study
- Must meet objective standard for efficiency
 - Contribute fair share of conservation benefits

An Opt-Out Approach Is Not Consistent With Prior Policies

- Metropolitan's policies are designed to provide regional reliability
 - Integrated Resources Plan: Regional reliability goal
 - Allocation Plan: Based on need for supply
 - Water Stewardship Rate: All users pay for programs that provide reliability
- Difficult to separate reliability benefits
 - What if an agency needs more supply because they haven't conserved?
 - Other agencies may be impacted by an agency that opts out and doesn't conserve

Conclusion of Opt-Out Review

- Staff does not recommend an opt-out approach
- The Regional Program provides value and is tied to many policies at Metropolitan
- An opt-out approach potentially:
 - Lowers regional conservation levels
 - Increases administrative burdens
 - Impacts Metropolitan's core mission, and
 - Lowers Metropolitan's leadership role in conservation
- Approach: Work with the Board and member agencies on consensus Regional Program

