



● **Colorado River Management Report**

Summary

This report provides a summary of the activities related to management of Metropolitan's Colorado River resources during August 2010.

Detailed Report

Update on Water Supply Options for Meeting Desert Solar Energy Development Needs

In April 2010, staff reported on meetings with representatives from the Colorado River Board (CRB), Metropolitan, and proposed solar energy developments within California near the Colorado River. There are three pending projects that lie adjacent to the Colorado River, in locations where the Bureau of Reclamation (Reclamation) has determined that local groundwater rights needed for the projects could be hydrologically connected to the Colorado River. Together, the three proposed solar projects would need approximately 3,000 acre-feet of water per year, in addition to 8,000 acre-feet of water needed for initial construction. Construction on these projects is set to begin by the end of 2010 in order to qualify for federal funding under the American Recovery and Reinvestment Act of 2009.

In April 2010, the parties anticipated that the California Energy Commission (CEC) and the U.S. Bureau of Land Management (BLM) would not approve the projects until they secured a long-term water supply from the Colorado River, as the proposed solar energy developments could be considered to pump Colorado River water in the future. After evaluating several options, CRB recommended that the solar energy developments reach an agreement with Metropolitan to obtain a replacement water supply. Staff from Metropolitan and the solar energy companies agreed to explore this proposal further.

During the permitting process for the projects, CEC and BLM agreed to approve these projects subject to mitigation measures that they believe will eliminate any impacts to the Colorado River supplies by "ensur[ing] that either (1) potential effects on the Colorado River hydrology are avoided entirely, or (2) the applicant applies for and receives an allocation of water from the Colorado River." Until Reclamation issues a final ruling on determining when a project is considered to be pumping Colorado River water, the CEC and BLM did not believe they had authority to require the solar developers to obtain a secondary source of water or to refrain from using their groundwater rights. Instead, CEC and BLM are requiring the project applicants to conduct detailed monitoring of the groundwater to determine if there are impacts to the Colorado River. The project approvals require the solar developers to obtain a water right from Reclamation in the future if the waters are ever determined to be Colorado River supplies under a final ruling or via confirming monitoring data. As a result, the solar developers are not seeking to secure any long-term supplies at this time. Instead, the solar developers are taking the risk that if and when any final ruling is issued on the reach of the Colorado River, they will be able to prove their supplies are not impacting the Colorado River.

To protect Metropolitan's interest, staff has submitted comments during the permitting process, and will continue working with Reclamation to ensure this issue is adequately addressed in any final ruling on the Colorado River accounting surface. The final environmental impact statements have been issued on two of the three projects already, and the third is expected soon. CEC and BLM expect to issue a final record of decision before the end of the year. Metropolitan will continue to monitor these processes and to comment when necessary to protect its interests.

Imperial Irrigation District's Provision of Water Service to Power Generation Plants

There have been recent press reports that Imperial Irrigation District (IID) is developing a policy for delivering water for renewable energy projects within its service area, particularly geothermal electric projects. In response to these reports and to board requests for information, staff has reviewed the proposed policy and legal issues related to IID's use of Colorado River water for non-agricultural uses. IID currently serves about 60,000 acre-feet

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per year to municipal and industrial users, an amount equivalent to about 2 percent of its Colorado River water budget of 3.1 million acre-feet. But IID anticipates an additional 50,000 acre-feet in non-agricultural water demands will develop in the next 20 years. In response to potential impacts that these demands will have on the water supply available for agricultural use, the IID board adopted an interim non-agricultural water supply policy in November 2009. The policy sets aside 25,000 acre-feet annually for new non-agricultural uses and imposes fees to fund IID's integrated water resources management plan.

In the past, Metropolitan and IID have disputed whether IID may supply Colorado River water for non-agricultural uses. The Boulder Canyon Project Act and IID's water delivery contract refer only to IID's use of the water for "potable and irrigation purposes." IID argues that it is entitled to put its water to any beneficial use recognized by California law, particularly with regard to its 2.6 million acre-feet of present perfected rights that precede its contract rights under the Boulder Canyon Project Act. Prior disputes between Metropolitan and IID have been resolved without testing these legal arguments.

Status of Development of Binational Water Management Proposal

Mexico continues to be interested in storing water in United States reservoirs this year as a result of infrastructure damage sustained during the April earthquakes in the Mexicali Valley. Mexico has addressed this interest in a short-term proposal provided to the United States. Representatives of the Bureau of Reclamation plan to discuss this proposal with representatives of the Colorado River Basin states and water users during a September 8 conference call. The United States and Mexican Sections of the International Boundary and Water Commission are scheduled to meet on September 10 to further discuss development of the binational water management proposal and both countries' interests. Staff is evaluating Mexico's short-term proposal and will report on it at the Water Planning and Stewardship Committee meeting.