

# Approve adjustments to Metropolitan's Water Supply Allocation Plan formula

Water Planning and Stewardship Committee  
Item 8-3  
September 13, 2011

# Overview

- WSAP 3-Year Review timeline and process
- Issues identified for discussion
- Recommended Modifications
- Next Steps

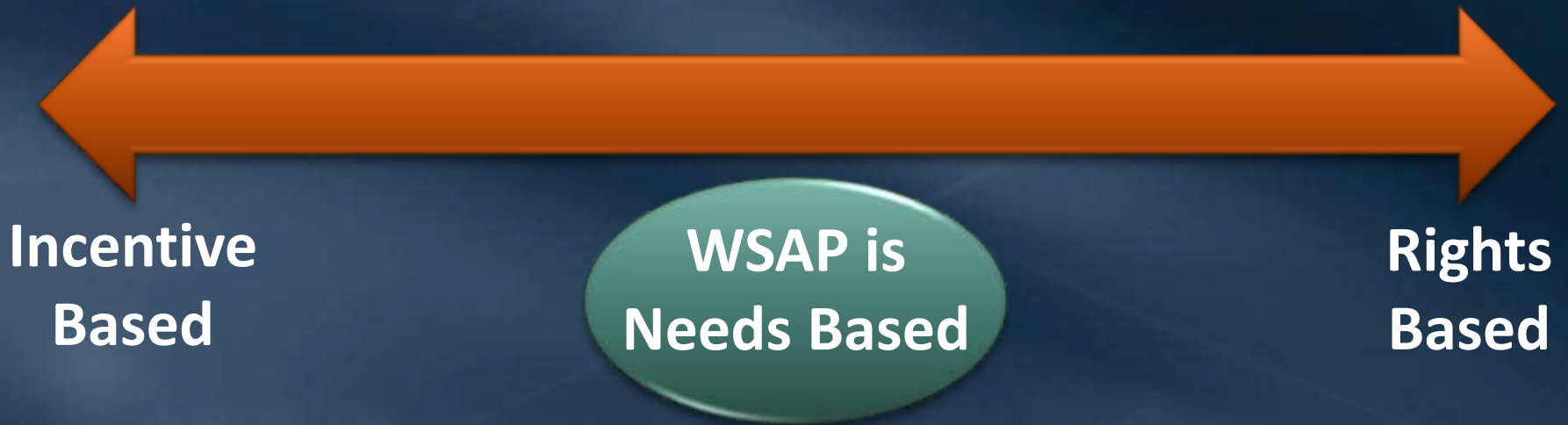
# WSAP Development History

- Board adopted WSAP in February 2008
  - Board directed review of the WSAP
    - One year following first implementation
    - Three years following adoption
- 12 Month Review Process began January 2010
  - Board adopted recommendations in August 2010
- 3-Year Review Process began February 2011

# WSAP 3-Year Review Timeline

- Workgroup meetings February through August
- Board Information item in July
- Member Agency Managers Meeting review in August
- Board Action item in September

# Needs Based Approach is Upheld



# Issues identified for Discussion

- Baseline Inflation
- Growth Adjustment Methodology
- WSAP Exit Strategy
- Local Resources Recognition
- Base Period Selection
- Conservation Hardening Credit
- Local Supply certification compliance
- Sharing allocation between agencies
- Tier 1-2 timing
- Replenishment issues

# Recommended Modifications

*Baseline Inflation*

*Growth Adjustment*

*Exit Strategy*

# Baseline Inflation Issues

- A combination of formula elements and credits makes calculated demands higher than actual
  - Local non-potable recycling and conservation developed after the Base Period
- Allocation Year demands on MWD are overstated
  - Forces deeper shortages to achieve required reductions
  - Agencies may experience disparate impacts as true needs are no longer reflected



# Baseline Inflation Proposal

- Remove growth in non-potable recycling and conservation from the WSAP Baseline
  - Better reflects actual needs in the Allocation Year
- If an agency exceeds its allocation, a penalty reduction will be applied in recognition of less quantifiable types of conservation

# Benefits of Proposed Adjustment

- Puts non-potable recycling, conservation and potable local supply on an equal footing
- Demand hardening impacts are still addressed
  - Non-potable demands and supplies are held separately from the WSAP formula
  - Non-potable demands are met 100% by non-potable supplies
  - Conservation Demand Hardening Credit provided for estimated conservation savings
- Post-allocation penalty reduction recognizes less certain agency-level conservation estimates

# Recommended Modifications

*Baseline Inflation*

*Growth Adjustment*

*Exit Strategy*

# Growth Adjustment Issues

- Current growth formula essentially provides water at an agency's historical GPCD
- Inadvertently rewards “inefficient” water use (higher GPCD use)
- Growth should be allocated at “efficient” levels

# Growth Adjustment Proposal

- Growth is allocated at historical per capita rate capped at IRP Target for Water Use Efficiency
  - For years up to and including 2015, the cap will be 158 GPCD
  - For years 2016-2020, the cap will linearly reduce from 158 to 141 GPCD
- If an agency exceeds its allocation, a penalty reduction will be applied based on either:
  - The differential Evapotranspiration (ETo) of its service area compared to the MWD average, or
  - Certified and documented 20 x 2020 targeted GPCD

# Benefits of Proposed Adjustment

- Consistent with IRP regional water use efficiency goals
- Reduces the likelihood and depth of WSAP implementations
- Post-allocation penalty reduction recognizes differences between agencies

# Recommended Modifications

*Baseline Inflation*

*Growth Adjustment*

*Exit Strategy*

# Exit Strategy Issues

- Unclear what happens to the current WSAP when MWD's Board makes a decision for the following WSAP year
  - Overlap of Allocation Years can be confusing
  - Difficult to maintain consistent outreach messaging



# Exit Strategy Proposal

- If there is an allocation for the next year, then the current allocation stays in place
- If there is no allocation for the next year, then current allocation is lifted concurrent with the April decision

# Benefits of Proposed Adjustment

- Produces consistent outcomes based on the April WSAP decision
- Consistent with April 2011 Board Action
- Allows for consistent outreach messaging
- Facilitates local agency coordination

# Result of Proposed Adjustments

- Regional benefit of mitigating frequency and severity of future allocations

Proposed Adjustment	Baseline Reduction (AF)
Baseline Inflation	150,000
Growth Adjustment	47,000
<b>Total</b>	<b>197,000</b>

# Next Steps

- All adjustments will be in effect the next time the WSAP is implemented
- Revise and distribute WSAP Handbook
  - The next time a WSAP implementation is imminent, staff will provide an overview of the current plan
- Replenishment Workgroup and Rate Refinement Process

# Board Options

- Option #1 – adopt the CEQA determination and approve the proposed adjustments to Metropolitan’s WSAP
- Option #2 – do not approve the proposed adjustments to Metropolitan’s WSAP

# Recommendation

- Option #1

