

Water Planning and Stewardship Committee

Item 6a

Subject: 2008-2010 Water Transfer and Exchange Transactions

Purpose: The purpose of this report is to provide an overview of the transfers and exchanges occurring between 2008-2010 by water agencies throughout the State of California in response to the drought. The report lists lessons learned, which will be incorporated into future efforts to secure water transfer and exchange supplies.

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Summary

This report focuses on the role water transfers and exchanges played in responding to the recent drought. Over the course of the past 15 years, significant changes have occurred in agriculture, Central Valley urbanization and delta pumping that have increased water demands and reduced water supply reliability. Despite these shifts and challenges, Metropolitan was able to secure transfer water and move that water when needed. In addition, Metropolitan's investments in storage and conveyance infrastructure provided invaluable flexibility that facilitated cooperative water management partnerships with agricultural entities.

2008-2010 Water Transfer and Exchange Transactions

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November 7, 2011

WSDM Shortage Actions

STORAGE

**WATER SUPPLY
ALLOCATION
PLAN**

**INTERRUPTABLE
PROGRAMS**

**TRANSFERS
&
EXCHANGES**

Concerns Entering Recent Drought

- Would SWP “spot market” purchases be a viable water management tool?
 - Metropolitan secured over 330 TAF
- Would Central Valley urbanization and conversion to permanent crops increase competition?
 - Metropolitan competed favorably
- Would Delta environmental restrictions limit access to transfer supplies?
 - Metropolitan adapted to new restrictions

Report Overview

- 2008-2010 water transfer and exchange transactions exceeding 5,000 AF
- Metropolitan and non-Metropolitan transactions conveyed in SWP and CRA systems or stored in Lake Mead
- Yield data obtained from DWR and USBR and includes all applicable losses
- Cost data obtained from published reports and/or participants

Report Overview (Cont'd)

- Costs not adjusted for inflation and do not include transportation energy costs
- Unit costs = amount expended through 2010 divided by supplies received through 2010
- Three Categories Emerged
 - SWP annual or “spot market” transactions;
 - CRA short-term transactions; and
 - CRA long-term or “core” transactions

SWP Annual Transactions

		2008	2009	2010	Total
Metropolitan	Yield	41,168 AF	61,937 AF	228,977AF	332,081 AF
	Unit Cost	\$204/AF	\$320/AF	\$195/AF	\$220/AF
Non Metropolitan	Yield	57,291 AF	124,115 AF	48,351 AF	229,757 AF
	Unit Cost	\$236/AF	\$293/AF	\$238/AF	\$267/AF

CRA Short-Term Transactions

		Total ¹
Metropolitan	Yield Through 2010	237,291 AF
	Unit Cost through 2010	\$236/AF

¹ Total yield does not include 16,750 AF developed by the Yuma Desalting Plant transaction and is not factored into the unit cost as this transaction was partially funded by the United States

CRA Long-Term Transactions

		Total ¹
Metropolitan	Yield through 2010	2,343,106 AF
	Unit Cost through 2010	\$182/AF
Non Metropolitan	Yield through 2010	330,000 AF
	Unit Cost through 2010	\$689/AF

¹ Total yields do not include 42,333 AF for Metropolitan and 216,089 AF for SDCWA's All-American and Coachella Canal Lining Projects and are not factored into the unit costs as these transactions were partially funded by the State of California.

Lessons Learned

- SWP “spot market” is viable
- Cooperative buyer coalitions are preferable to State-wide Drought Water Banks
- Consolidated place-of-use petitions facilitate innovative State-Federal water management actions
- Metropolitan’s Multi-year CRA transactions are cost effective and adaptable
- Lake Mead storage provides operational flexibility
- Metropolitan continues to be an attractive partner for innovative water management programs