



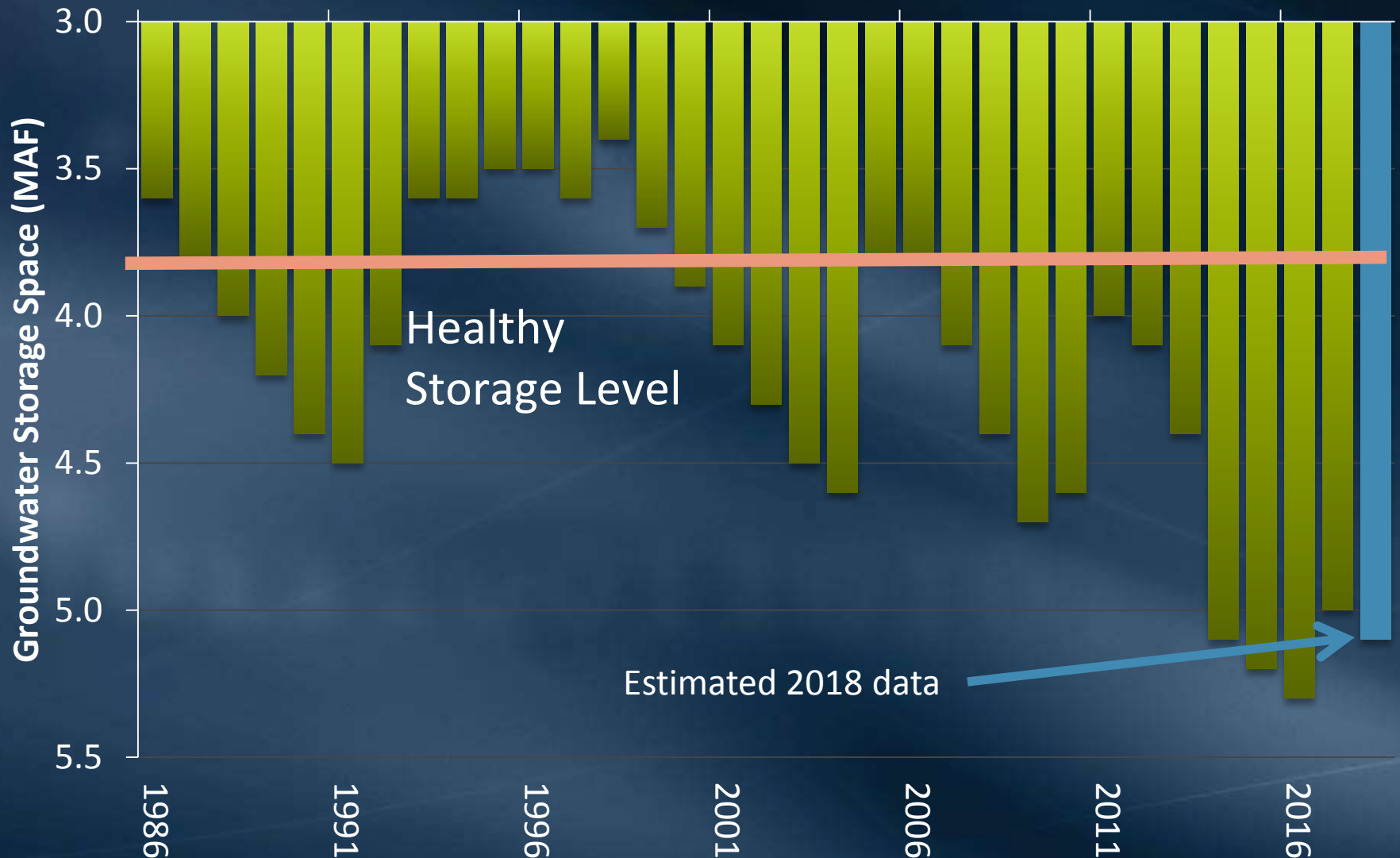
Discussion on Refinements to Local Resources Program

Conservation and Local Resources Committee
Item 4b
August 21, 2018

Local Supply Needed to Reach IRP Target



Groundwater Storage Declining



Potential Actions to Maintain and Increase Local Supplies

- Agency's proposed local projects
 - Some may be eligible for LRP funding
- Protect groundwater supplies
- Regional Recycled Water Program

Local Resources Program Background

Local Resources Program

- Provides incentives to develop local resources
- Helps to meet IRP goals
- Total incentives of \$629 M for 107 projects with production of 3.7 million AF
- LRP agreement terms
 - Up to 25 years
 - Pay for performance



Groundwater Recovery

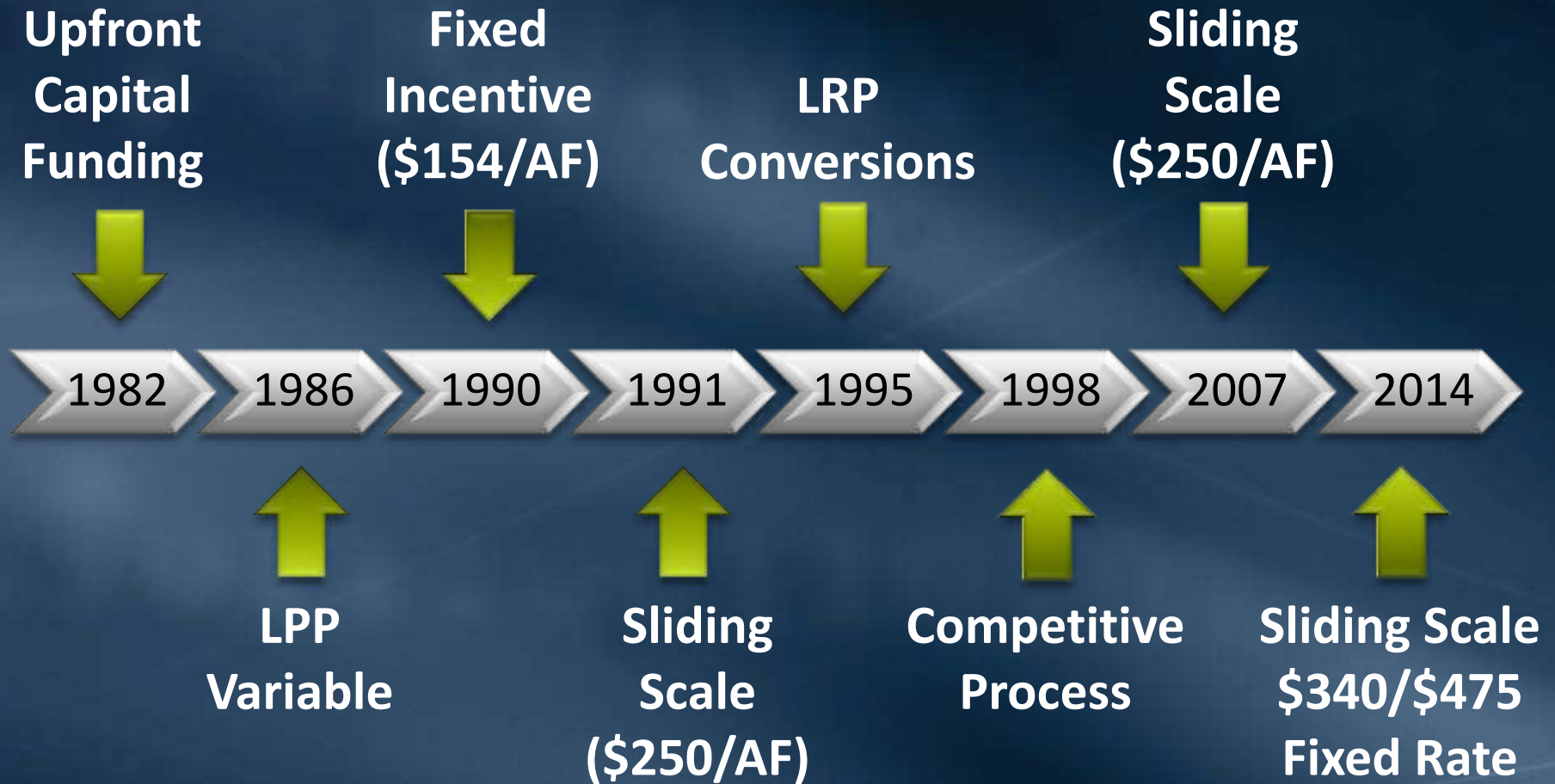
Typical LRP Projects



Water recycling



LRP Evolution Over Time



LRP Evolution Over Time

Upfront
Capital
Fund

| Payment Structure Options | Maximum * Incentive Amount | Payment Period |
|--------------------------------------|----------------------------|----------------|
| 1 – Sliding Scale | \$340/AF | 25 years |
| 2 – Sliding Scale ** | \$475/AF | 15 years |
| 3 – Fixed Incentive Rate | \$305/AF | 25 years |
| * Pay for performance | | |
| ** Project must produce for 25 years | | |

198

LPP
Variable

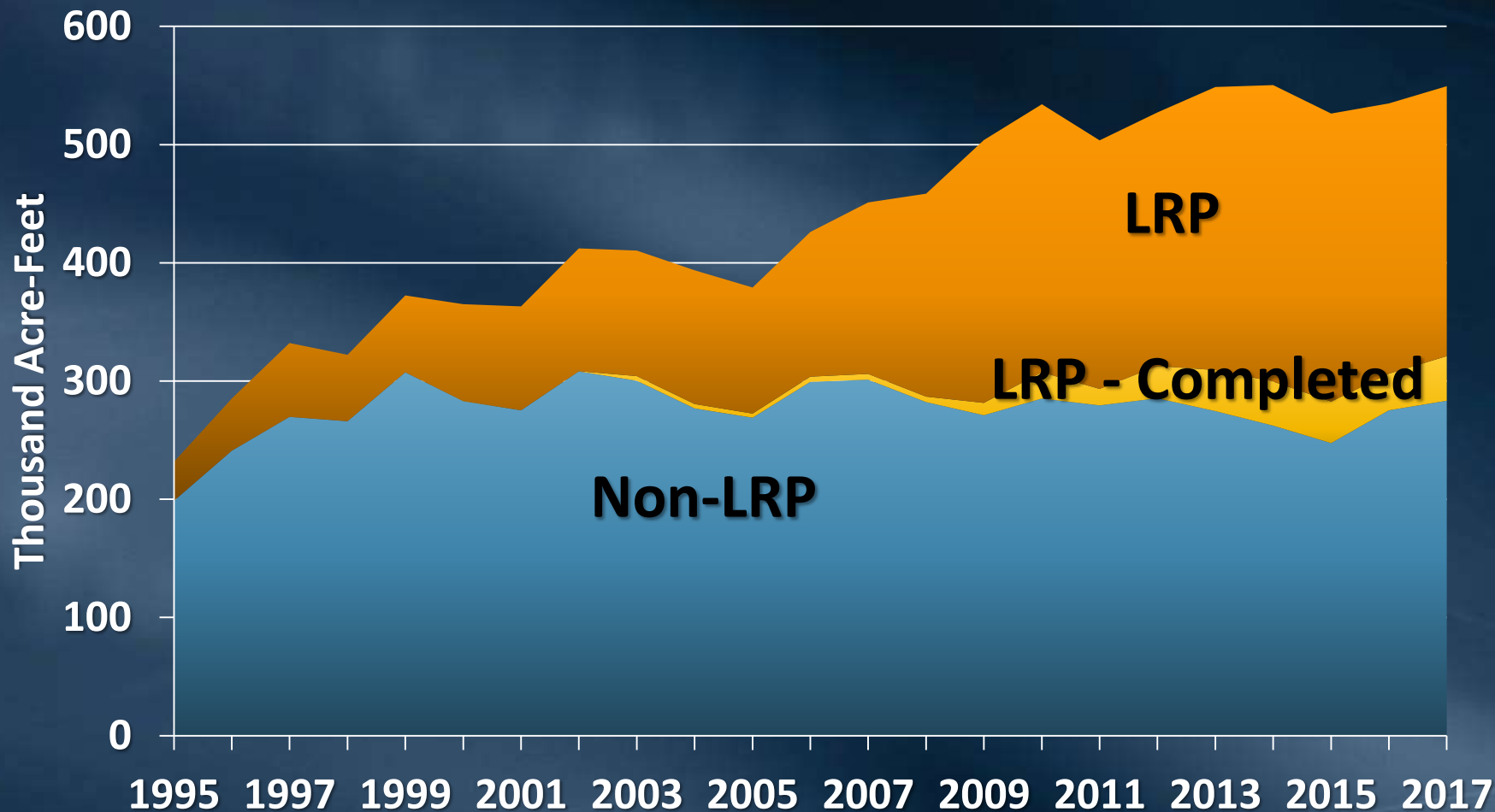
Sliding
Scale
(\$250/AF)

Competitive
Process

Sliding Scale
\$340/\$475
Fixed Rate

LRP Doubled Local Production

Groundwater Recovery and Recycled Water



Program Status

Last LRP Target was authorized by the Board in 2007

| | |
|-------------------------------|--------------------|
| 2007 LRP Target | 174,000 AFY |
| Approved projects since 2007* | <u>106,000 AFY</u> |
| Current remaining balance | 68,000 AFY |

Agencies are considering additional local projects

| | |
|-----------------------------|-------------------|
| Submitted applications** | 105,000 AFY |
| Applications being prepared | 30,000 AFY |
| Future projects identified | <u>35,000 AFY</u> |
| | 170,000 AFY |

* Adjusted for projects with rescinded/reduced capacity

** Reflects applications for projects that are not already operating

Program Status

Submitted projects in various stages of preparation. Some may be ready for Board consideration in the next year. Others are still working to get permits in place.

Last LRP Target was authorized

2007 LRP Target

Approved projects since

Current remaining balance

Agencies are considering additional local projects

| | |
|-----------------------------|-------------------|
| Submitted applications** | 105,000 AFY |
| Applications being prepared | 30,000 AFY |
| Future projects identified | <u>35,000 AFY</u> |
| | 170,000 AFY |

* Adjusted for projects with rescinded/reduced capacity

** Reflects applications for projects that are not already operating

Program Status

Last LRP Target was authorized by the Board in 2007

| | |
|-----------------------|--------------------|
| 2007 LRP Target | 174,000 AFY |
| Approved applications | <u>106,000 AFY</u> |
| Current capacity | 68,000 AFY |

Applications member agencies may submit in the next few years.

Agencies are currently working on several local projects

| | |
|-----------------------------|-------------------|
| Submitted applications** | 105,000 AFY |
| Applications being prepared | 30,000 AFY |
| Future projects identified | <u>35,000 AFY</u> |
| | 170,000 AFY |

* Adjusted for projects with rescinded/reduced capacity

** Reflects applications for projects that are not already operating

Program Status

Last LRP Target was authorized by the Board in 2007

| | |
|--|--------------------|
| 2007 LRP Target | 174,000 AFY |
| Projects identified for future applications. Lowest level of certainty. | <u>106,000 AFY</u> |
| | 68,000 AFY |

| | |
|-----------------------------|-------------------|
| Agency Applications | 105,000 AFY |
| Additional local projects | 30,000 AFY |
| Submitted applications** | 105,000 AFY |
| Applications being prepared | 30,000 AFY |
| Future projects identified | <u>35,000 AFY</u> |
| | 170,000 AFY |

* Adjusted for projects with rescinded/reduced capacity

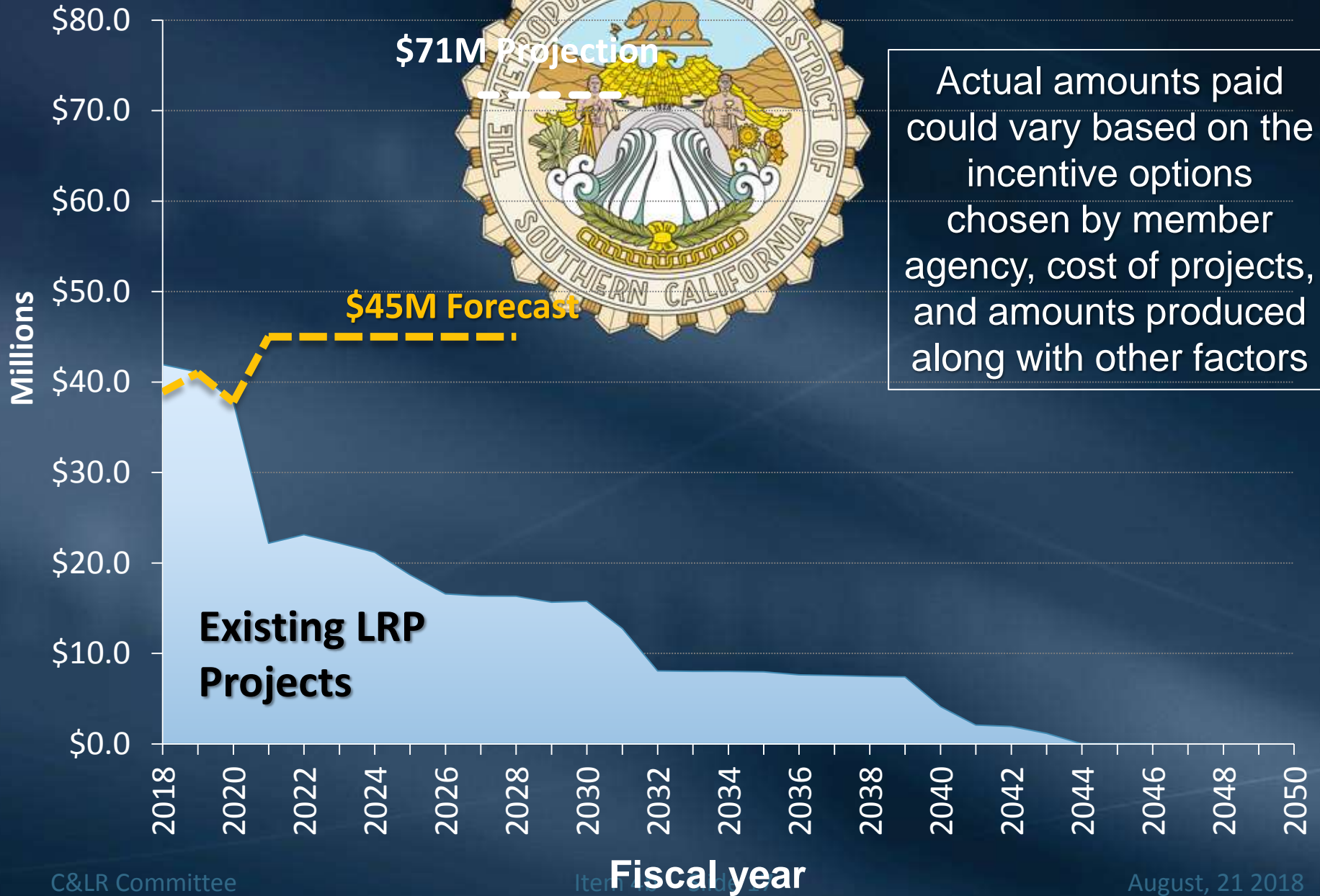
** Reflects applications for projects that are not already operating

Interim LRP Target Yield

Observations

- Additional local supplies needed to reach IRP target in 2040
- Member agency projects in development to increase local supplies
- An interim LRP target signals a willingness to consider funding agreements for additional projects

Estimated Fiscal Impact (150 TAFY)



Proposed Interim LRP Target

- An interim target of 150,000 AFY appears reasonable
 - Clear need for additional local supplies
 - Projects under development could move forward
 - Complementary to other actions
- Revisit and update the interim target through 2020 IRP Update

Next Steps

- Establishing interim LRP target
 - Incorporate C&LR Committee feedback
 - Continue discussions with Member Agencies
 - WP&S Committee consideration in Fall 2018
- Next areas to address
 - Program criteria
 - Stormwater/other resources

