Authorize participation in the Lower Basin Drought Contingency Plan on behalf of California

Water Planning and Stewardship Committee
8-1
March 11, 2019

Recent Updates & Actions – Metropolitan Board

- Oral Report - Water Planning & Stewardship Committee – October 8, 2018
- Information Item - Water Planning & Stewardship Committee – November 6, 2018
- Metropolitan Board vote to authorize the agency to enter the Lower Basin DCP – December 11, 2018

Status of DCP Approval in California

- Metropolitan Board authorized both Interstate and Intrastate DCP agreements: 12/11/2018
- Coachella Valley Irrigation District authorized
  - Interstate agreement: 2/12/2019
  - Intrastate agreements: 12/19/2018
- Palo Verde Irrigation District – authorized 'Documents related to Drought Contingency Planning': 12/18/2018
- Imperial Irrigation District authorized and suspended Intrastate agreements: 12/10/2018

Imperial Irrigation District Conditions on Intrastate DCP Implementation Agreements

- Imperial Irrigation District (IID) Board voted to authorize the MWD/IID DCP Implementation agreement and California ICS Agreement Amendment No. 3, "but their implementation is suspended until the following conditions are met" at its December 2018 meeting:
  - All seven Colorado River Basin States and the United States approve the interstate DCP documents before the IID votes on the interstate agreements;
  - IID Board approves any proposed legislation submitted to Congress; and
  - *"The State of California and the United States have irrevocably committed to providing sufficient funding for the full completion of the 10 year Salton Sea Management Plan at a 1:1 federal to state funding commitment in addition to mitigating any and all future considerations as a result of the implementation of the Intra-California Agreement and the Interstate DCP Agreements."*

Reasons for Metropolitan to Step In For California's DCP Obligations

- IID's conditions for approval are unlikely to be satisfied anytime soon
- Committing to the DCP allows operational flexibility for Metropolitan to store ICS in 2019 rather than draw ICS down
- Better than average hydrology in California and damage to Whitewater spreading have made Lake Mead storage even more important in 2019

Reduced risks of Assuming CA's Obligation

- Risks of Metropolitan assuming California's DCP Contribution obligations are mitigated by the following:
  - Wetter than expected hydrology in the Colorado River Basin this year
  - Higher than expected 2018 ICS creation
  - Unused 2018 water

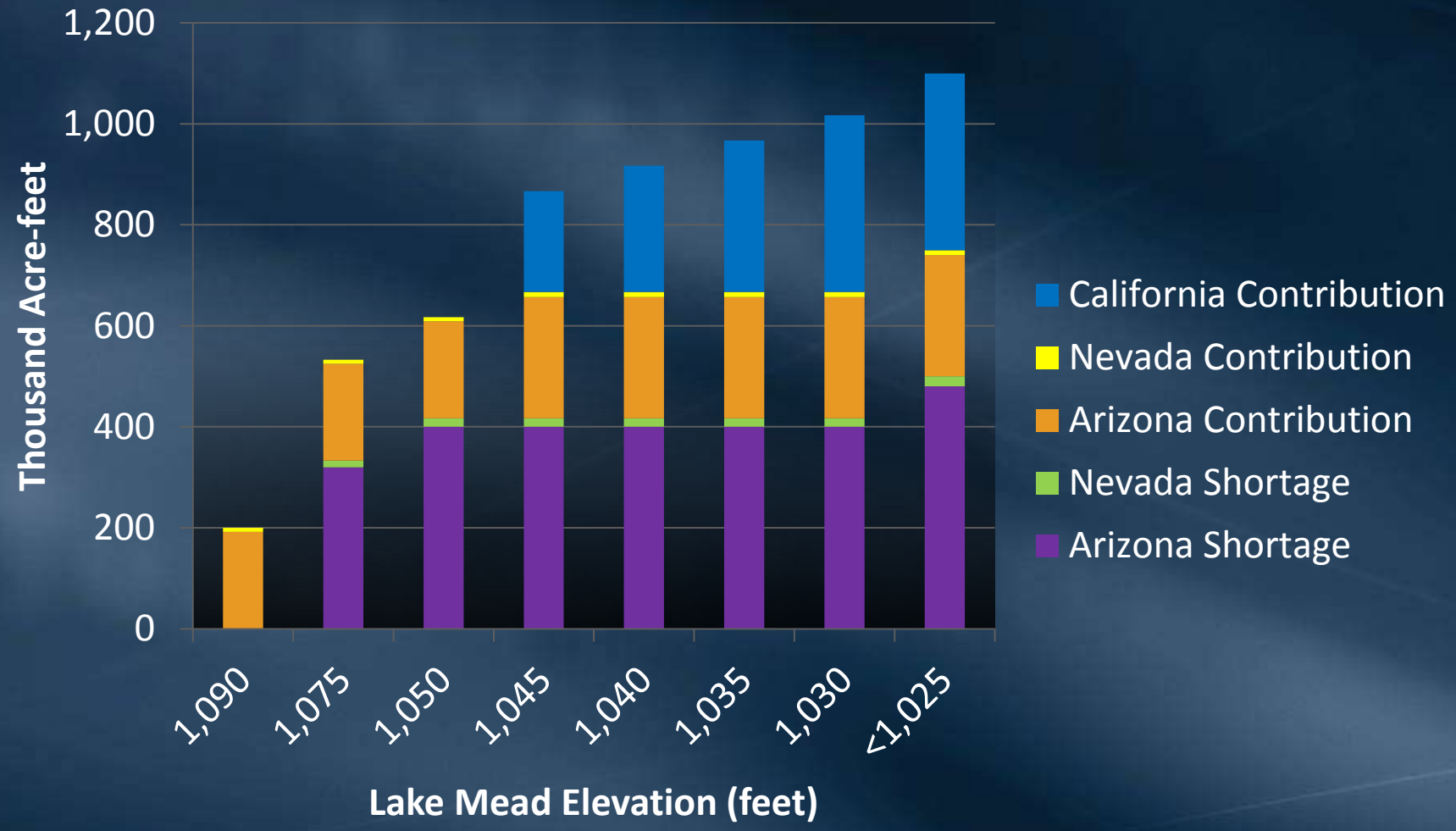
Benefits of Lower Basin DCP (Interstate Agreement)

- *Increased Flexibility*: Enhances access to Intentionally Created Surplus (ICS) and interstate banking at lower Lake Mead elevations - available at shortage tiers
- *Lower System Assessment:* Reduces current evaporative and system charges on MWD water stored in Lake Mead
- *More ICS Storage Capacity:* Increases California's total ICS storage capacity 200 TAF – from 1.5 to 1.7 MAF

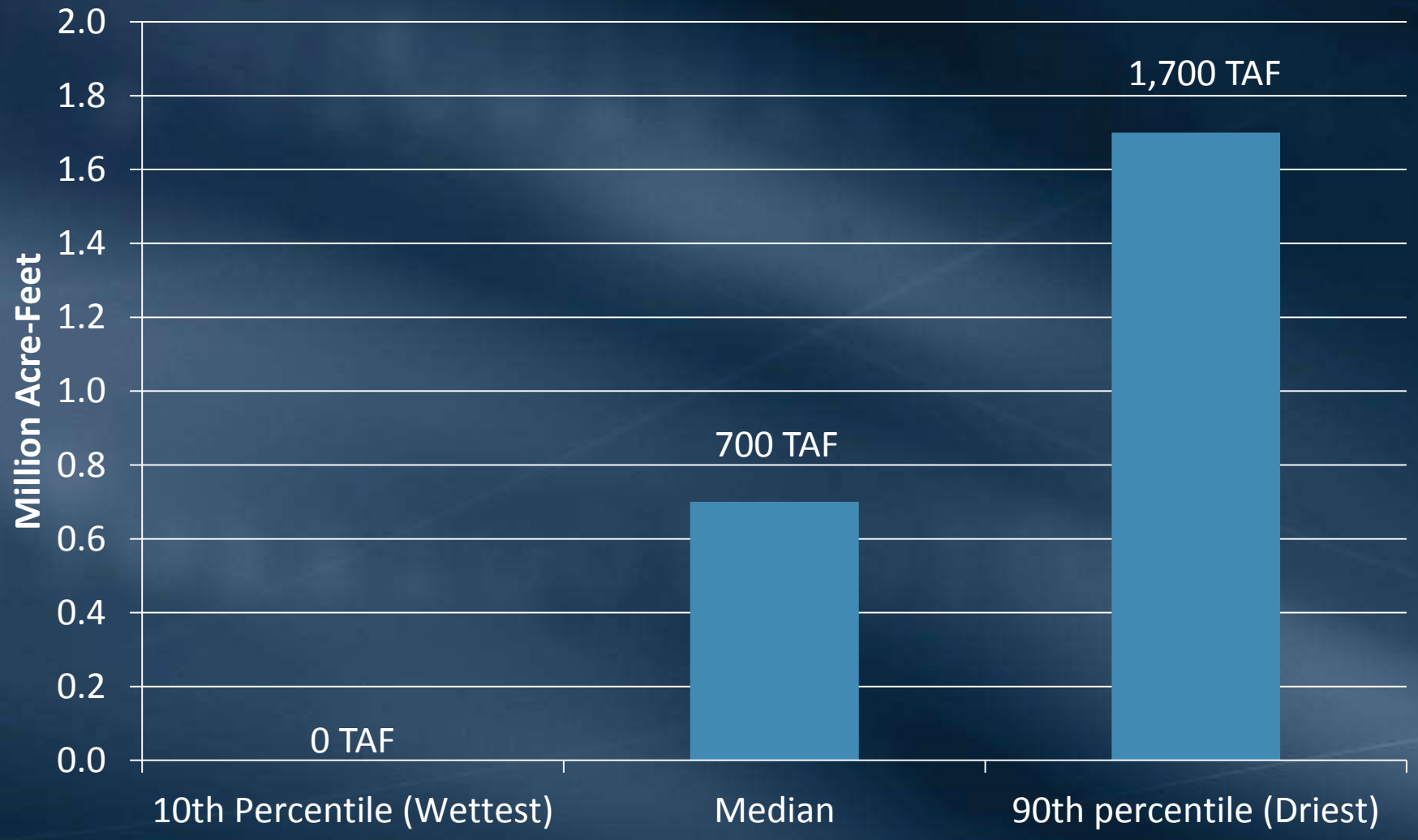
Commitments Assumed in Lower Basin DCP (Interstate Agreements)

- *DCP Contributions* - Each Lower Division State (AZ, NV and CA) assumes the obligation to store defined volumes of water in Lake Mead, at specified reservoir elevations.
  - Each State determines how its DCP Contribution obligation through intrastate agreements

Total Lower Basin Contributions with DCP by Elevation



Cumulative California Contribution through 2026, Stress Test Modeling



California's DCP Contributions

Division of California's DCP Obligations (as approved by MWD Board December, 2018)

- Imperial Irrigation District – 125,000 AF per year, for first two years of DCP Contributions. Sources: water currently stored with MWD and in Lake Mead, and existing conservation programs within IID
- Coachella Valley Water District – 7%. Source: Quantification Settlement Agreement transfers
- Palo Verde Irrigation District – 8%. Source: Existing fallowing program with Metropolitan
- Metropolitan – the remainder of CA's DCP Contribution

Sources of Metropolitan's DCP Contributions

- Current ICS balance ~ 600 TAF
- Future ICS creation – may store up to 400 TAF annually
- DCP Contributions and ICS Accumulation Limits Sharing Agreement – up to 300 TAF

Benefits of DCP for Metropolitan

- Creates additional certainty in Lake Mead operations through 2026
- Reduces the risk of Lake Mead declining below elevation 1,020’
- Enhances ICS storage capacity and accessibility
- Provides more favorable system assessment charges
- Protects ability to continue hydropower generation

Board Option #1

- Authorize participation in the Lower Basin Drought Contingency Plan on behalf of California.

Board Option #2

- Do not authorize participation in the Lower Basin Drought Contingency Plan on behalf of California.

Staff Recommendation

- Staff recommends Option #1

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