Lewis Carlsbad Desalination Plant
A Climate Resilient Water Supply for San Diego

Sandy Kerl, Acting General Manager
San Diego County Water Authority

Wholesale water agency created by state Legislature in 1944
- Serves 3.3 million people and region’s $231 billion economy
- 24 member agencies (retailers)

Provides about 75% of water used in San Diego County
- Builds, owns, operates and maintains large-scale regional water infrastructure
- Created largest ag-to-urban water conservation & transfer agreement in U.S.
- Invested more than $2.5 billion in facilities (desalination, pipelines, treatment and reservoirs) in the past 20 years
- Sole purchaser of water from the Carlsbad Plant
Lewis Carlsbad Desalination Plant

- Largest, most advanced seawater desalination facility in North America
- 10% of the region’s water supply
- $1 billion ratepayer investment in water supply reliability
- 48,000 - 56,000 acre-feet/year
The Plant Is Part of A Diverse Water Supply Mix

- State certified as a drought-resilient water supply
- Strong public support
- Improves regional water quality
- Helps to sustain recycled water production during a shortage
- Key to the region’s strategy to develop a “water resilience portfolio” in keeping with Gov. Newsom’s April 29 directive

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<th>CY 2018</th>
<th>49 TAF</th>
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Total = 506 TAF
A Successful Public Private Partnership (P3)

- **Risk Transfer** to the private sector
- **Price certainty** throughout Water Purchase Agreement term
- **Buy-out provisions** after 10 years of operation
- **Transfer to public ownership** at the end of the 30 year agreement
New Intake and Discharge Facilities

- **Water Authority Perspective:**
  - Water Authority has been working with Water Board staff since 2014 on OPA and Permit development
    - Thank you to Water Board staff for all their efforts to get us to this point
  - We fully support the proposed facilities
    - The new facilities represent a substantial investment in new technology that will enhance protection of the marine environment
    - The new facilities will be implemented under the same risk transfer protections as the Plant
Water Authority Support for The Revised TO

- The recommended Water Code Determination:
  - Supports an investment in flow augmentation that is consistent with OPA provisions that address the unique circumstances of the CDP

- The compliance schedule will help to ensure that the plant continues to operate

- The Water Authority fully supports the staff recommendation and requests adoption of Revised Tentative Order No. R9-2019-0003 with errata
## Carlsbad | Project Risk Allocation

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Poseidon</th>
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<td>Permitting</td>
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<td>Financing</td>
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<td>Water Demand</td>
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<td>Regulation</td>
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Risks Transferred

- Construction and Operating Cost Overruns
- Timely Project Completion
- Regulatory and Law Compliance
- Regulated or Differing Site Conditions
- Capital Maintenance, Repair and Replacement
- Labor Supply and Relations
Changes in Law that affect all desalination plant operators or wastewater dischargers \textit{(Ocean Plan Amendment)}

Cost of Intake Modifications due to power station closure \textit{(also a change in law)}

Uninsurable Force Majeure Events

Unusual Raw Seawater Water Parameters (no additional compensation)

Retained risks are “uncontrollable circumstances”