



CA Save Our Streams Council

January 6, 2015

Chair Felicia Marcus and Board Members
c/o Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Sent via electronic mail to: Kathy.Frevert@waterboards.ca.gov

cc: Wade Crowfoot, Deputy Cabinet Secretary & Senior Advisor
Martha Guzman-Aceves, Deputy Legislative Secretary
Office of Governor Edmund G. Brown Jr.

Sent via electronic mail to: wade.crowfoot@gov.ca.gov

RE: Oppose Credits for Drought-Resilient Supply Credits in Proposed Framework

Dear Chair Marcus and Board Members:

Thank you for the opportunity to offer comment to the State Water Resources Control Board (State Water Board) on the Proposed Regulatory Framework for Extended Emergency Regulation for Urban Water Conservation (Proposed Framework). Our thirty organizations represent diverse communities throughout California, including tribes, fishing communities, surfers, environmental constituents, and disadvantaged communities. The undersigned organizations include organizations based in San Diego where the proposed credit at issue would apply. These organizations are San Diego Coastkeeper, Surfrider San Diego Chapter, Coastal Environmental Rights Foundation, Cleveland National Forest Foundation, WILDCOAST, and the Environmental Center of San Diego. Collectively, our organizations have spent decades working in our communities to promote conservation, and to ensure that decision-makers invest in sustainable, local water supplies. We have helped drive the local changes, and have implemented outreach and education efforts that have yielded progress on water conservation and efficiency. We applaud the Board's work to develop a successful framework to conserve water in urban areas. The mandatory urban twenty-five percent reduction invoked in the April 1, 2015 Executive Order has prompted many agencies and communities across California to meet and, in some cases, exceed their conservation goals.

As we consider the possible extension of emergency regulations and the continued dialogue with California communities about water, we oppose credits for new "drought-resilient" water supplies for several reasons. First, water suppliers have not provided any evidence that meeting mandatory water use reductions would curtail their ability to fully operate new local supplies and therefore have not demonstrated a need for this credit. Second, the purpose of the statewide emergency designation and subsequent drought emergency regulations is to reduce stress on our water resources from the Sierra Nevada Mountains, Sacramento-San Joaquin Delta, and Colorado River; this is best achieved by combining conservation and local supply development, not by allowing water suppliers to choose one at the expense of the other. Third, offering credits for new supplies incorrectly characterizes their development during a drought as an effective drought-response strategy; however, past experience suggests that these facilities could become stranded assets when the drought ends. Finally, granting credits for "drought-resilient" supplies sends a confusing message to Californians that water conservation is needed for some water sources, but not others. This undercuts the new water ethic we have collectively worked so hard to foster, which prioritizes the efficient use of *all* water resources in California, and sets a poor precedent for forthcoming long-term conservation measures.

Supply Credits Would Effectively Perpetuate Water Imports from Impaired Waterbodies.

Water suppliers argue that compliance with mandatory water use reductions would preclude their ability to fully utilize new, local water supplies. However, no agency has provided a real example of a new supply that could not be fully operational if water reduction targets were met. Because water suppliers are able to operate new supplies under the current conservation mandates, the additional water use allowed under the exemption would effectively be met with imported supplies, putting additional stress on impaired waterbodies, including the Sacramento-San Joaquin Delta. If the goal of the Emergency Regulation is to preserve existing surface and groundwater supplies, then that is best accomplished by combining demand reduction from water conservation and efficiency and new local supply development, not by allowing water suppliers to choose one at the expense of the other, particularly when one option is significantly more cost-effective.

Supply Credits Undercut the Efficient Use of All Water Sources.

Water conservation and efficiency improvements are broadly recognized as the least expensive, fastest, and most environmentally-sound way to meet water needs.¹ Moreover, they save energy, reduce greenhouse gas emissions, lessen water and wastewater treatment costs, and defer or eliminate the need for costly new water and wastewater infrastructure. The 2015 emergency urban conservation regulations have spurred significant conservation gains. Creating a credit in the extension of emergency regulations for new supplies effectively incentivizes their development in preference to more cost-effective efficiency measures. This increases the cost of providing water service and exacerbates affordability concerns for low-income households.

There are numerous incentives to expand water supplies in California, including Proposition 1 and water reuse and stormwater capture goals. While we strongly support local supply development, we also think there is a need for robust conservation targets. Water conservation and efficiency promote the efficient use of *all* water resources in California, including newly developed local supplies, and help to ensure we maximize the value of investments in new supplies.

Developing New, Expensive Infrastructure is Not an Effective Drought-Response Strategy.

The proposed credit promotes the development of new supplies as a drought-response strategy; yet, past experience shows that building large water-supply projects in response to drought often results in stranded assets. During the 1987-1992 drought, for example, the City of Santa Barbara completed its desalination facility in March 1992, and shortly thereafter, the drought ended. The plant was eventually decommissioned as the cost to produce the water was too high to warrant use during non-drought periods. Similarly, Australia invested billions of dollars to develop recycled water and desalination plants in response to the Millennium Drought. Several of these plants, including 4 of the 6 large desalination plants and several potable recycling plants, were shut down when the drought ended. Ratepayers continue to pay for those plants while receiving only minimal benefit. While these shuttered plants could be activated if needed (thereby providing a reliability benefit), the treatment technologies could also become obsolete before they are needed and require significant investment to bring them back online, as has happened in Santa Barbara. These examples highlight the risks associated with building large, expensive new supplies to meet needs during drought periods and demonstrate why state policy should not encourage these types of investments as drought-response strategies.

If the State Board moves forward with granting credits for new, local supplies, we urge the Board to set criteria to qualify for the credit. First, water suppliers should have to demonstrate that they will not be able to fully operate the new, local supply if they are required to meet the current conservation target. Second, water suppliers should have to demonstrate that they have appreciably reduced the volume of

¹ See California Water Plan Update 2013 at Table 1-3 Range of Strategy Unit Costs comparing resource management strategies. (http://www.waterplan.water.ca.gov/docs/cwpu2013/Final/Vol3_Ch01_Introduction.pdf).

imported water. Communities that rely on imported water still have a commitment to the rest of the state to conserve and reduce reliance on these imports. Third, the credit should only be offered to those projects that comply with the State Water Board's preferred technologies as outlined in its regulations, including the recently adopted Desalination Ocean Plan Amendment although the actual need for desalination plants in California is questionable and the complete and long-term extent of their environmental impacts is unknown. If the state is going to recognize these new supply projects, they should be required to adequately analyze and mitigate their environmental impacts. Fourth, water suppliers should meet some efficiency target, such as falling within the bottom 25% of residential per capita water use (July-October) in their respective hydrologic region. This allows water suppliers developing new supplies to maximize the value of these investments. Finally, we urge the State Board to clearly articulate how these credits would be implemented. For example, if the wholesaler develops the new supply, it is unclear whether all retail agencies obtain the credit.

We look forward to working with State Water Board members and staff to continue to improve the Proposed Framework, and to develop solutions to the deepening challenges to long-term water reliability that California faces.

Sincerely,

/s/

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California Coastal Protection Network

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