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April 14, 2016

Chair Felicia Marcus and Board Members
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: Proposed Modification and Extension of Emergency Regulation for Statewide Urban Water Conservation

Dear Chair Marcus and Board Members:

We applaud the leadership that State Water Board members and staff have demonstrated in the development and implementation of the 2015 emergency conservation regulations. Although the response to Governor Brown's initial drought declaration and request for voluntary urban water use reductions was inconsistent, the mandatory urban 25 percent reduction invoked in the April 1, 2015 Executive Order has prompted agencies, organizations and communities across California to step up to meet and even exceed conservation goals. We urge state and local entities to build on recent conservation successes to prepare for near-term continuation of drought conditions and the deepening challenges to long-term water reliability posed by climate change and continued population and economic growth.

Generally, we believe that any further changes made to the emergency regulations for 2016 should reflect 2016 water conditions with an appropriate margin of safety. These regulations were developed and are being implemented in the context of a state of emergency declared by Governor Brown. The response of the public to date has been outstanding, and maintaining public support and understanding of the need for individual and community action to conserve water remains important. Any changes to the regulations should be in response to a change in conditions, rather than responses to special pleas from various water suppliers. As a case in point, as discussed in detail in previous comments, we continue to oppose waivers to certain agencies to allow increased water sales based upon "drought-resilient" water supplies, because this is at odds with the efficient use of *all* water resources in California, and sets a poor precedent for forthcoming long-term conservation measures.

Our following comments aim to specifically address the three questions posed by the State Water Board in its Notice for the March 22th Urban Water Conservation Workshop.

1. What elements of the existing February 2016 Emergency Regulation, if any should be modified and how so?

Despite heavy rains in the northern areas of the state this winter, most of California is still experiencing drought conditions.¹ As of April 7, 2016, 55 percent of the State is in severe drought and an additional 31 percent is in exceptional drought conditions. Less than 4 percent is no longer experiencing drought conditions. Groundwater basins are still seriously depleted.² Moreover, NOAA now reports a 71% chance of La Nina in 2017. Continued drought conditions throughout much of the state and uncertainty about near-term and long-term conditions demonstrate the need for continued conservation efforts across California.

While we recognize that adjustments may be warranted in some areas, we urge the State Water Board to maintain some level of reduction targets for all parts of the state experiencing dry conditions. This will help convey the need to make conservation a way of life in California. In addition, we urge the State Water Board to require all urban water suppliers to continue to provide monthly water data on a permanent basis, as was called for in Governor Brown's Executive Order B-29-15. These data should be made publicly-available in a useable format. Further, they should separately report water usage by sector, i.e., residential, commercial and institutional, large landscape, and industrial sectors. Finally, we urge the State Water Board to work with water suppliers to develop and implement pricing instruments that enable them to mitigate drought-related reductions in revenues.

Given the diversity of circumstances among water suppliers across California, there will always be some argument raised about the "fairness" of any proposal, as there was about last year's allocation system. Any new system of allocating reductions will invite a new round of scrutiny of fairness, which could take substantial time and effort to resolve. The current emergency regulation is only in place for another five months and could be modified using a simple approach so that the Board staff could have more time to focus on the development of regulations that build on the conservation successes achieved during the drought.

2. How should the State Water Board account for regional differences in precipitation and lingering drought impacts, and what would be the methods of doing so?

Water supplies in our state are largely interconnected and interdependent. For the remainder of 2016, we recommend that the Board maintain a unified framework for emergency conservation targets applicable to all urban water suppliers that receive water that is tributary to the Delta or the Colorado River.

The Board should be able to identify a few simple criteria to adjust the statewide savings target. One suggestion might be to tie the overall state target to the State Water Project allocation; this could be accomplished with a simple inverse ratio. The 25 percent mandated reduction target occurred in a year when the final 2015 SWP allocation was 20 percent. If the final 2016 State Project allocations were to double, the emergency conservation reduction target for 2016 could be cut in half.

¹ See Ed Joyce, *Exceptional And Extreme Drought Persists In California*, capital public radio (April 7, 2016), available at <http://www.capradio.org/articles/2016/04/07/exceptional-and-extreme-drought-persists-in-california/>.

² Ed Joyce, *Extreme And Severe Drought Decline In California*, (March 17, 2016) available at <http://www.capradio.org/articles/2016/03/17/extreme-and-severe-drought-decline-in-california/>.

3. To what extent should the State Water Board consider the reliability of urban water supplier supply portfolios in this emergency regulation?

We support goals of local and regional reliability and resiliency; however, these goals must be balanced with the need to use water resources efficiently. We don't want to create policies that incentivize the development of local supplies at the expense of more cost-effective water conservation and efficiency improvements. What's more, traditional financing and cost recovery mechanisms for new supplies may well encourage water suppliers to promote water sales, running counter to further improvements in water efficiency. Few water suppliers were prepared for the financial implications of the current water shortage, notwithstanding the requirement to do so under the Urban Water Management Planning Act. We believe that many of the recent requests for adjustments in emergency conservation regulations were thinly veiled efforts to allow water suppliers to promote water sales to cover revenue shortfalls that they had a statutory obligation to anticipate.

When considering the balance between supply and demand management, we can, and should, look to the energy sector for guidance. In California, energy utilities have efficiency targets *and* a renewable portfolio standard. This approach maximizes the value of investments in renewables and opportunities to reduce greenhouse gas emissions. Likewise, efforts to manage water demand should be viewed as complementary to investments in local and non-traditional water supplies. There are numerous incentives (financial and non-financial) to expand water supplies in California, including Proposition 1 and water reuse and stormwater capture goals. Water conservation and efficiency promote the efficient use of *all* water resources in California, including these newly developed local supplies, and help to ensure that we maximize the value of these investments. The framework notes that the chief aim of the emergency regulations is to preserve existing surface and groundwater supplies. This is best accomplished by combining demand reduction from water conservation and efficiency and new local supply development, not allowing water suppliers to choose one or the other.

As we consider the possible extension of emergency regulations and the continued dialogue with California communities about water, we look forward to the development of long-term, non-emergency water conservation regulations. California's water challenges are immense and extend far beyond the current drought. We have made tremendous achievements toward making conservation a way of life in California and must build on this success to secure the sustainability and reliability of California's water resources.

Sincerely,



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Executive Director
California Coastkeeper Alliance



Heather Cooley
Water Program Director
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Tracy Quinn
Senior Policy Analyst
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