

State Water Board Informal Workgroup on Water Conservation Next Steps October 26, 2015 Meeting Summary

Meeting Participants:

- Fiona Sanchez, IRWD
- John Rossi, WMWD
- Rob McLean, California American Water
- Jerry De La Piedra, SCVWD
- Heather Colley, Pacific Institute
- Sara Aminzadeh, California Coastkeeper Alliance
- Jim Peifer, City of Sacramento
- Elizabeth Lovested, Eastern Municipal WD
- Jim Barrett, Coachella Valley Water District
- Paula Kehoe, SFPUC
- Tracy Quinn, NRDC
- Rob Yamada, City of San Diego
- Dana Frieauf, San Diego County Water Authority
- Shannon Cotulla, STPUD
- Danielle Blacet, CMUA
- Penny Falcon, LA DWP
- Trudi Hughes, CLFP
- Rob Neenan, CLFP
- William Granger, City of Sacramento
- Brian Ingallinera, City of Redding
- Jack Hawks, California Water Association
- Elizabeth Lovested, Eastern Municipal Water District
- Mike Marcus, Orange County Water District
- David Bolland, ACWA
- Jerry D Brown, Contra Costa Water District
- Penny Falcon, LADWP
- Dorothy Rothrock, CMTA
- Peter Brostrom, DWR
- Diana Brooks, DWR
- Mike Rogge, CMTA
- John Woodling, Regional Water Authority
- Tam Doduc, State Water Resources Control Board (SWRCB)
- Caren Trgovich, SWRCB
- Eric Oppenheimer, SWRCB
- Max Gomberg, SWRCB
- David Rose, SWRCB
- Sam Magill, Kearns & West
- Chaat Butsunturn, Kearns & West

***NOTE:** This document is intended to provide a high-level summary of the discussion and input received from meeting participants. Substantially similar comments are not repeated. It is not intended to represent consensus among meeting participants/stakeholders or official action on behalf of the State Water Board.

Opening Remarks

This second meeting of the water conservation workgroup focused on possible modifications to the existing emergency drought regulations if they need to be extended. A third follow up meeting is scheduled for November 13th to discuss additional proposals for modification to the emergency regulation, as well as to discuss data collection and reporting.

The workgroup is designed to provide an *informal* venue for SWRCB staff to hear concepts from stakeholders in advance of the formal, public regulatory process.

Presentation and Discussion of Potential Climate & Growth Adjustments and Regional Approaches

Climate Equity Adjustment

A coalition of water suppliers provided a presentation on suggested credits to limit the impacts of the emergency regulations on water suppliers, including adjustments for climate, population growth, and regional variability. The first segment of the presentation focused on a potential climate adjustments: because climate varies across the state and within a hydrologic region, water needs also vary. The same efficient landscape in a warmer, drier inland area, for example, would require more water than coastal regions. According to the presenters, this amounts to a penalty to customers with landscape in areas with higher evapotranspiration (ET) rates. Adherence to existing emergency regulations could result in damage or death to trees, plants, and other efficient landscape, particularly in hotter, inland areas. The presenters call for adjusting the existing emergency regulation Conservation Standards based on the variance of a water suppliers ET from the state average ET. Under this proposal no supplier's conservation target would be increased.

Discussion:

- Participants pointed out that the suggested climate credit assumes there is widespread adoption of efficient landscapes, noting that opportunities for savings are not easy and many inefficient landscapes still exist in drier areas.
- Another participant asked how the difference between the proposed revised target and current conservation standard of 25% will be reconciled if the drought worsens. Board member Doduc noted that the proposed climate credit/adjustment will have the effect of reducing overall water savings.
- Another participant noted that the conservation targets are tractable, and could be adjusted by the SWRCB to ensure there is no change to absolute water savings while still recognizing regional/climate variability (i.e., targets could be higher in cooler, coastal areas with lower ET rates and lower in more arid inland areas).

Growth Equity Adjustment

The second segment of the presentation focused on a proposed credit/adjustment of the emergency regulations to accommodate population growth. According to the presenters, since 2013, many California water suppliers added new connections to a mix of residential, commercial and industrial customers. This increases overall demand for water, which is not included in the SWRCB's calculation of baseline water use in the current emergency regulations. According to the presenters, the current Conservation Standard creates a hardship on growing communities, and could impact economic growth and recovery. The proposed credit would allow water suppliers to increase 2013 baseline water production by an amount equivalent to the water used by new connections that were added since 2013.

Discussion:

- Some participants asked if the proposed revised baseline targets are based on residential or business connections. Presenters responded the adjustment is based on both.
- Another participant suggested that water suppliers should work closely with city planners so that water demand would be reflected in new permitting and influence how communities are developed within the limitations of sustainable supply. The presenters answered that planned growth is generally subject to a detailed water supply assessment.

- One of the presenters noted that the growth equity adjustment would not reduce the statewide target; however, it was discussed that the total savings would be reduced.

Presentation on Recycled Water, Indirect Potable Reuse and Desalination Credits

Recycled Water Credit

Water suppliers presented an overview of proposed credits for recycled water use. The first focused on non-potable recycled water (i.e., purple pipe). Under this proposal, suppliers would get a credit in the form of a reduction in water conservation targets for all recycled water used in lieu of potable sources. According to suppliers, this would reduce the total amount needed for conservation, since they are essentially reducing the amount of potable water used for watering/non potable needs. The credit is based on the following calculation: Total Monthly Recycled Water Use X Ratio of Monthly Recycled to Potable Use x Agency's Conservation Standard.

Discussion:

- A participant asked if credits for water use efficiency could be granted if recycled water is included in production and savings. The presenter replied that reducing recycled water reduces discharge, but does not necessarily increase potable supply.
- Landscapes and appliances can be expensive, and if recycled water used for irrigation can count towards meeting conservation targets, it will reduce the financial burden of wholesale landscape replacement.

Indirect Potable Re-use/Desalination Equity Credits

Water suppliers also provided proposals for indirect potable reuse and desalination credits, noting that desal and recycled water are climate independent water supplies that can continue to produce through protracted drought and could be part of a strategy to reach conservation targets. The proposal suggests all potable water derived from both reuse and desalination be deducted from the volume of water that must be conserved using a 1:1 ratio (with an 8% floor on the effective conservation rate).

Discussion on Desalination:

- A participant noted that desalination is energy intensive. The presenters responded that the focus is on sustainability through drought, not on energy.
- Other participants suggested that more focus can be paid to water use efficiency and reducing leaks in water systems before increasing the use of desalination
- One participant expressed some concern that desalination could become stranded assets, as they have in Australia.
- Another participant said that desalination projects are being paid for by ratepayers and they help agencies fulfill their obligation to deliver reliable supplies. The participant said that recognizing these investments is critical.

Presentation on Groundwater Credits

Water suppliers also presented a proposal for groundwater storage adjustments to conservation targets based on a series of scenarios, which included groundwater banking, sustainably managed basins, adjudicated basins, and conjunctive use. The long term goal of groundwater banking is to secure surplus supply in wet periods to provide reliability to customers. The presentation focused on adjustments to conservation targets for water suppliers to recognize their investments in groundwater storage, and included a series of “triggers” to ensure banking programs don’t result in any significant negative impacts to the groundwater basin. Presenters clarified that groundwater is an offset, not a reduction in the target or a credit. Under the proposal, a water supplier could reduce its total potable production by the amount of water withdrawn from groundwater.

Discussion:

- The presenter noted that groundwater is considered storage and does not cut water needs from the State Water Project. It can serve as an emergency supply, like a bank for a period of severe drought.
- Presenters emphasized that suppliers have spent millions of dollars to engage in groundwater banking and conjunctive use and failure to recognize these investments through adjustments may disincentivize future banking programs.
- A participant asked if suppliers should invest in groundwater storage in the near term instead of using existing supplies as efficiently as possible (since water used for groundwater banking may not be immediately available).
- Another participant noted that expanding storm water capture could add to groundwater storage and banking programs.
- A participant asked what the variability of annual recharge of groundwater is. The presenter noted that a study is in process to understand the impact of snow and rain is on recharge rates in a single year.
- The presenters were not able to estimate how this adjustment would affect the overall volume or percentage of water saved under the emergency regulation.
- A presenter noted that groundwater storage is a complementary measure to conservation.

Other Items

SWRCB staff asked all meeting participants if they felt the current conservation target of 25% is appropriate, too much, or not high enough. While participants *generally* responded they were unable to say for certain if it was too high or too low, the following comments were recorded:

- The 25% target was arbitrary and needs to be explained better to suppliers and stakeholders.
- Some suppliers expressed that they would have felt better about the target if supplier equity were addressed in the regulations.
- A number of participants commented that the move from voluntary to mandatory conservation was more important than the target number itself.
- A stakeholder mentioned it may be useful for the public to know how much water was saved through Californians’ efforts to reduce water consumption.
- Several suppliers stated that a one-size-fits-all approach does not recognize differences in regions and varying hydrology.
- A number of stakeholders commented that it is unclear how enforcement will be handled if emergency regulations are extended or conservation targets are increased.

- One participant mentioned there are still significant conservation opportunities available, and suggested better planning and forecasting could help conservation and long-term supply planning efforts.
- Several suppliers suggested cuts from the current emergency regulations were severe. Agencies would like time to repair relations with customers and catch up on rates to make up for lower revenues that result from lower deliveries before new regulations are enacted.
- One participant indicated that 25% was too big of a cut and has resulted in significant revenue impacts to water suppliers.

Regional Compliance

The final segment of the presentation focused on an alternative means of calculating water savings regionally instead of supplier by supplier. This approach provides an option for regional compliance, where water suppliers could work together to achieve water use savings and demonstrate aggregate compliance with the emergency regulations. This voluntary approach would not require water suppliers to form a region or to participate in a regional alliance; if a local water supplier chooses not to participate in a regional alliance, the existing emergency regulations would stay in effect. According to presenters, this approach maintains targets assigned to each water suppliers collectively, but it allows water suppliers to leverage resources and collaborate while improving flexibility for compliance. Under this proposal, if a region does not meet the Conservation Standard for region, then each supplier would need to meet its individual Conservation Standard.

Discussion:

- Participants acknowledged the benefits of collaboration and asked how the coordination might work between suppliers on a regional basis. The presenter responded that bigger regional messaging is around actions and not specific target numbers. Individual cities or suppliers with significant resources could provide support for smaller suppliers or increase education/messaging to their own customers to boost conservation.
- Another participant felt that individual agencies are not going to see this as an opportunity to avoid conservation and that it will drive all agencies to do more. Given that some suppliers within a region have more resources than others, the proposal also overcomes equity considerations within a region.
- One presenter said that their messages are individual targets (i.e. RGCPD), which people can understand. A regional target is established, and messaging can focused on a few specific actions consumers can take to achieve targets. Where a number target is not possible, then the messaging can be more general (i.e. use less water).
- A participant noted that mandatory regulations have motivated suppliers and customers to conserve water, and asked SWRCB staff if regional “bundling” could have a diluting effect? SWRCB asked presenters if the regional approach takes away local accountability at the supplier level. Presenters said that they would still at a minimum require individual suppliers to provide data and note that they are part of a region so that the process was still public and transparent. As discussed above, if the entire region fails to meet its targets, individual suppliers revert to the existing emergency regulation conservation targets.
- SWRCB staff added that there may be perception problems if some agencies achieve savings in the 30% range while another could be at only 2%. The presenters noted that a water supplier working group developing these proposals believes there will be voluntary intra-regional accountability to ensure this doesn’t occur.