300.1

DRAFT
DNCT Steering Committee
Meeting Notes
3/23/99
9:00-11:00

Attendees:

Agenda:
i. Gaming Schedule
ii. What are we doing - what will we have in 2 weeks
iii. Scenarios
iv. Biological gaming: rules and evaluation
v. Tech Team effort and schedule

Further Discussion Points:
- George's runs
- This weeks initial gaming
- April 2 deadline
- Effect of B2 decision
- preliminary biological rules
- start with scenario with large EWA with lots of flexibility to better see how it works
- Sprecht Scenario

Highlights
We discussed schedule for model runs, gaming, and tech team efforts. We discussed Scenario 1A and the rules for gaming 1A. We will add a 1B (strict standards approach) and 1C (contracts approach) later. Bruce and Sprecht will develop preliminary concept for EWA under scenario 1B and 1C.

A. Tech Team Report
- evaluate procedure rules on operating / using account
- additional tech work needed
- need to get them organized by April 2, or as soon as EWA gaming is complete.

B. Two Week Expectations
- Decision on EWA: yes or no; or continue pursuing
- size and components of EWA + funding level: definites, possibilities, utility of components
- preliminary management accounting rules
- general approach to biol rules
- preliminary evaluation of biol and water supply benefits
- preliminary recommendations and requests to CMARP

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- necessary back up rules and operation of EWA
- plan for fine tuning

C. What are we doing - BJ Miller

- trying out a larger account
- preliminary - starting place
- try out and expect adjustments to rules
- includes in-Delta AFRP despite judges ruling

C: It was not our intent to develop specific rules for operation; just exploring range to see how process and concept work.

C: Concerned about how far we apply rules. R: Other factors and tools will be available later in the year to refine things - could play out in many different ways.

Q: Is it feasible to get broad rules, but then many tech details in rules worked out in time? R: Basic rules yes; fundamental decisions; then set up specific rules in time. There are many ways things may play out in future, such as details (e.g., when to pay back borrowed water, etc.)

C: We need a base to help make decisions on EWA.

D. Scenarios - Dave Fullterton and George Barnes
Dave and George described details of scenarios from handouts.

Scenario 1A:
- Not able to incorporate in-Delta storage - will handle by hand; assume yield from previous model studies; correct for operating constraints; only used in certain years.
- Gravelly Ford was not incorporated as we had hoped.
- Money is involved to backstop risks
- Game rules discussed from handout
- We have access to extra project capacities, but at some cost
- Revenue stream of $30 million per year, which can earn interest and be borrowed on.

C: In-Delta storage was difficult to include in model because EIR has restrictive use (that would not necessarily be the case for what we want to do). R: Easy to include by hand - fill and look for opportunities to export to meet water supply demands.

Q: Are the islands connected to CCF? One is - Bacon is the EWA island, whereas Webb is the water supply island.

C: Water quality factors will be handled by hand during the gaming as well.

C: Quinn/Spear don't have to know details of the in-Delta storage.

Q: Should we assume no-harm rule; or should we be risky in borrowing water? R: money is backstop - should be a penalty ($300/AF) for bad risks.

C: We should do a risk analysis: (e.g., 50% of time there is a risk of 20TAF; 20% a risk of 100TAF).

C: Water is good collateral, but not a necessary prerequisite for borrowing water.

C: Money doesn't always get water back. R: Money can pay damages to users who are shorted because we borrowed water. Money and Water would be good backstops.

Q: Who does variances? R: SWRCB

Q: Is this another element of risk?

Q: Can Q/S change things this morning? R: Only hand generated aspects of model.

Scenario 1B:

- Need preliminary modeling on how to do this.
- We do not know how big the environmental account should be - the call.

Q: Is it fair to characterize 1A as testing 1B? R: Run not done. Bruce and Sprecht could figure out the call for EWA - need a new base as well. **Action:** Bruce will develop plan for 1B.

C: Contract approach is no longer included. 1B is not right. Need three runs - 1C with contract approach. R: Need a 1C contract approach. 1B is standards approach.

Q: What is 1B? R: New requirements on projects who receive new infrastructure for water supply. Env gets call on project water that could be used for releases or reduction in project exports.

Q: Does calling water factor into the risk feature? How will calls be made? What about effects of calling water? Can projects say no? R: No.

C: IB calls are flexible as compared to existing rigid standards.

C: We only have 1A complete, so we will have to wait for 1B and 1C.

C: We can view some of 1C and 1B features in our look at 1A.

E. Gaming Process - Bruce Herbold
Bruce described handout

- daily gaming would "look ahead" using historic salvage in place of real-time monitoring that would be used in future real operations.
- daily hydrology and salvage will be modified
- achieve what you want to do based on what EWA resources are available.
- look at overall effects on species of concern, not just change in salvage.
- added to how much Accord + AFRP gave us; we decide what extra above baseline is needed.
- account for changes in assets of EWA
- decisions will be made on an event basis.
- tools used include reducing exports and applying EWA water.

F. Tech Teams - Pete Chadwick
- we asked for two tech teams
- teams have not been formed as all effort is consumed by gaming
- no charges to teams as yet
- not able to get going until gaming is well underway
- will be ready by DEIR/EIS or earlier
- no formal commitment received from participants