

[Excerpt from the draft *Water Use Efficiency Component Technical Appendix*, 01/16/98]

General Assurances

The CALFED Bay-Delta Program solution alternatives include a variety of programs, policies, and actions to provide assurance that appropriate water management planning is carried out by local agencies and that cost-effective efficiency measures are implemented. Certain minimum levels of analysis, implementation, and demonstration of efficient use should be met by every water supplier in California, regardless of the supplier's desire to receive CALFED benefits. This is consistent with California public policy including constitutional provisions prohibiting waste and unreasonable use.

To this end, CALFED and the CALFED agencies will implement three general policies to provide assurance of efficient use. Demonstration that appropriate water management and planning is being carried out and that cost-effective efficiency measures are being implemented will be necessary prerequisites for an agency to be eligible to:

- receive any "new" water made available by a Bay-Delta solution
- participate in a water transfer that requires approval by any CALFED agency or use of facilities operated by any CALFED agency, and
- receive water through the DWR Drought Water Bank (this is already a policy of DWR)

For urban water suppliers, this includes DWR certification of the supplier's urban water management plan and updates, and California Urban Water Conservation Council certification of the supplier's compliance with the terms of the Urban MOU. For agricultural water suppliers, this demonstration includes Agricultural Water Management Council endorsement of the supplier's water management plan and implementation progress reports.

Furthermore, CALFED proposes that a higher standard of water management be applied to water suppliers that may want to *receive* water from the CALFED program.

In order to be eligible to receive new water or receive water through transfers or the DWR Drought Water Bank, CALFED proposes that a water supplier must meet criteria for the measurement of water deliveries and water pricing contained in the *Criteria for Evaluating Water Management Plans* issued by the U. S. Bureau of Reclamation, Mid-Pacific Region, in September 1996. These criteria state that a water supplier or district will:

1. **Measurement devices** - measure, with a device that is rated to have a maximum error of +/- six percent, the volume of water delivered by the District to each customer; and

2. **Pricing structure** - adopt a water pricing structure for District water users based at least in part on quantity delivered.

New Water

A Bay-Delta solution alternative implemented by the CALFED agencies may produce new or expanded water supplies for all beneficial uses. In order to be eligible to receive any additional water made available, local and regional water suppliers must demonstrate that they are carrying out minimum standards of water management planning as described above and must meet water measurement and pricing criteria.

The planning and implementation required in order to be eligible for new water supplies are water management activities that all water suppliers should implement regardless of their need for any additional water. Therefore, it is appropriate to define "new or expanded water supplies" in the broadest possible terms. At minimum, new or expanded water supplies will include any supply greater than that which can be delivered under the 1994 Bay-Delta Accord and the Water Quality Control Plan adopted by the State Water Resources Control Board on May 22, 1995.

Water Transfers

A Bay-Delta solution alternative implemented by the CALFED agencies may increase the ability to transfer water, through reduction in physical conveyance constraints in the Delta or other policy changes. If a transfer requires use of DWR or USBR facilities, or requires approval from any CALFED agency, then both the transferring and receiving agency must demonstrate that they are carrying out minimum standards of water management planning as described above. In addition, the receiving agency must meet water measurement and pricing criteria.

Drought Water Bank

The Department of Water Resources periodically operates a drought water bank to facilitate short-term water transfers to meet critical water needs during severe water-short periods. It is currently the policy of DWR, expressed in the *State Drought Water Bank Program Environmental Impact Report* dated November 1993, that "transfers will only be made to areas where the water supply agency has implemented reasonable and cost effective management and water recycling programs..." In order to receive water from a Drought Water Bank, local and regional water suppliers must demonstrate that they are carrying out minimum standards of water management planning as described above and must meet water measurement and pricing criteria.

Additional Assurances

Retail water agencies often receive water supplies from wholesale water agencies, particularly in the urban sector. As a result, application of the above conditions would affect wholesalers but not

necessarily retailers. Additional assurance mechanisms will be necessary to make sure that retail water suppliers are not insulated from responsibility for efficient use because of their relationship with a wholesaler that may secure new water supplies or arrange transfers.

Programs to provide technical, planning, and funding assistance will be critical to the success of the proposed water use efficiency elements of a Bay-Delta solution. Stakeholders have identified a need for assurance that a guaranteed source of adequate funding will be made available throughout the CALFED implementation period of 20 to 30 years. In addition, assurance is needed that there will be no redirection of these funds from the described programs, although flexibility of expenditure between activities such as technical assistance and funding assistance would be appropriate. For example, program funding in early years might emphasize technical and planning assistance. As technical and planning expertise was developed at the local agency level, some funds might be shifted to grants or loans for program implementation.

The Urban Water Management Planning Act requires water suppliers to give first consideration to conservation measures when the measures offer lower incremental costs than expanded or additional water supplies (Water Code section 10631(g)). In contrast, the Act's provisions regarding water recycling require only that the supplier's water management plan include information on recycled water and its potential for use as a water source in the supplier's service area (Water Code section 10633(a-f)). It is appropriate to set a higher standard for water suppliers that wish to be eligible to receive CALFED benefits. However, the complexity of water recycling projects and the impediments to their implementation require that careful consideration be given to any additional conditions that may be imposed on agencies that desire CALFED benefits.

Mechanisms to assure that water retailers are not insulated from responsibility by wholesalers, to guarantee adequate and flexible funding for assistance programs, and to encourage and assure implementation of cost-effective, feasible water recycling projects will be necessary parts of an assurances package. Stakeholder input will be necessary to develop the most appropriate assurances in these areas.