



IRVINE RANCH WATER DISTRICT

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January 28, 2016



The Honorable Felicia Marcus
and Members of the State Water Resources Control Board
c/o Ms. Jeanine Townsend
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

RE: 2/2/16 BOARD MEETING (Conservation Extended Emergency Regulation)

Dear Chair Marcus and Board Members:

Thank you for the opportunity to provide comments for the State Water Resources Control Board's (SWRCB) consideration as it weighs adoption of an extension to the emergency regulation related to urban water conservation and drought response. The Irvine Ranch Water District (IRWD) understands the importance of preserving California's water supplies and is committed to helping the State manage water resources sustainably.

We support the SWRCB's continuation of the End User Requirements in the Promotion of Water Conservation, and the addition of requirements to help ensure that residents within homeowners associations or community service organizations are not discouraged from implementing outdoor water conservation.

We offer the following comments for your consideration as the proposed regulations are considered at the SWRCB's February 2 meeting:

- 1) ***Emergency storage supplies specifically developed and designated for use during periods of shortage should be eligible for the same credit as other drought-resilient supplies.***

Implicit in the concept of reliability is the responsibility to develop an array of strategies to meet existing and future water needs. IRWD, like other agencies throughout the state, has committed resources to develop alternative local supplies, recycled water and water use efficiency measures in order to prepare for times of drought and limited imported water supplies. Those efforts have included substantial investments by our rate payers for emergency supplies specifically developed and designated only for use during times of shortage. As structured, the regulation does not provide any benefit to our ratepayers for those investments, and thus creates a disincentive for water suppliers to plan for and invest in future drought resiliency.

Designated emergency storage supplies can require a similar level of advance planning and investment to those made to develop drought-resilient supplies. Development of emergency storage for periods of multiple dry years is a key strategy within IRWD's Water Resources Master Plan. IRWD has invested \$27 million since the 1989-92 statewide drought to develop emergency storage supplies. These designated emergency storage supplies are not available to other suppliers. We respectfully request that designated emergency storage supplies be placed on par with drought-resilient supplies, and that suppliers receive a credit to their conservation standard based on the percentage of total water supply that is from a designated emergency storage supply. To be eligible for the credit, we propose that suppliers certify that the designated emergency storage supply meets the following criteria:

1. Must be specifically designated to provide increased supply during periods of a water supply shortage or emergency. It must not provide water on a regular basis to the water supplier;
2. Must have been designated a source of supply for use during shortage or emergency conditions in an adopted Urban Water Management Plan or Water Resources Plan prior to the Governor's April 1, 2015 Executive Order;
3. Cannot involve variations to the use of the agency's existing water supply projects or programs;
4. Use of the emergency supply must be through a formal action by the governing body of the supplier, certifying that the project meets the eligibility requirements;
5. Must not impact the supplies legally available to other water agencies during the shortage condition or emergency; and
6. The supplier must demonstrate that, consistent with the requirements of CEQA, the use of the emergency storage supply has less than significant environmental impacts.

The proposed modification would recognize the benefits of water suppliers planning for and investing in emergency storage supplies for use in times of drought and will encourage water suppliers to continue to invest in self-reliant water supplies in the future.

- 2) ***Investments in Drought Resilient Supplies should not be limited to post-2013, and the requirement that Drought Resilient supplies should meet at least 4% of total potable supplies should be removed.***

We appreciate the SWRCB's recognition of the benefits realized by the development of drought resilient supplies by providing a credit, but urge that it not be limited to only new supplies since 2013. The severity of the drought could be significantly worse without the investments and supplies that were developed prior to 2013, but suppliers that made those early investments receive no credit under the proposed regulation. Development of drought-resilient supplies are typically multi-year capital projects, and it is difficult to predict when the new drought resilient supplies will be available. Suppliers should not be discouraged from making these kinds of investments and having them come on-line during non-drought years out of concern that they will not receive future credit. We urge the SWRCB to not limit the credit for qualifying drought resilient supplies to only those that came on line after 2013.

Similarly, suppliers that have made investments into drought resilient supplies should be able to benefit from them, regardless of whether the volume is greater than 4% of total potable supplies or not. The 4% minimum requirement could discourage suppliers from investing in small local reliability projects that can help reduce reliance on imported supplies. We propose that all drought resilient supplies that meet the criteria, regardless of the date they came on line or percentage of total potable supplies, be eligible for the credit.

3) *The Growth Credit should be calculated to provide equity based on reasonable, planned water-efficient growth.*

IRWD has separately provided a more detailed joint comment letter on the growth adjustment. The following summarizes IRWD's comments regarding the SWRCB's proposed approach. Water-efficient growth is important to the state's continued economic growth and recovery, and we thank the SWRCB for including an equity adjustment for water suppliers that have experienced growth since 2013 in the proposed regulation. The first step of the SWRCB's proposed calculation is based upon calculating the demands from growth using conservation standards adopted in 2015 for indoor and outdoor use. However, this result is then multiplied by the supplier's conservation standard percentage. There is no link between a supplier's conservation standard percentage and the water necessary to sustain efficient growth. As a result, the amount of water is reduced to a level that is only a fraction of what would be considered reasonable for water-efficient growth.

Using the SWRCB's proposed calculation, a single resident who moved into the IRWD service area into a home built after 2013 would be expected to have access to only 18 gallons per day. This amount is slightly over half of the water IRWD has set for basic health and human safety purposes: 30 gallons per person per day.

IRWD requests that the SWRCB provide suppliers with an equity adjustment for growth that is based on state-adopted conservation standards. As such we propose that the requirement to multiply the needed water for efficient growth by the supplier's conservation standard be removed and the proposed regulation modified as follows:

To account for water efficient growth experienced in the state since 2013, urban water suppliers' conservation standards shall be reduced by ~~the product of the percentage change in potable water production since 2013 and the percent reduction in potable water use required pursuant to subdivision (c)~~, rounded to the nearest whole percentage point.

The application of any equity adjustments should be applied first to a supplier's conservation standard prior to any credits. Credits of up to 8% for drought-sustainable supplies and designated emergency storage should be applied to the supplier's equity-adjusted conservation standard. This allows the policy objectives of the equity adjustments to be effectively applied and also allow the supplier to receive the full benefit of the credit for investments into drought resilient supplies.

4) Proposed regulation should include a requirement for the SWRCB to re-evaluate the need for the continued extension of the regulation and the level of mandated reductions in April or May 2016.

There is still uncertainty in January 2016 regarding how much of an impact precipitation and snowfall may have this winter on California's water supplies and the influence it will have on the ongoing drought. In addition, it is unknown whether after one wet-year, the state could head into another drought. Based on these uncertainties, we understand the need for continued diligence in our extraordinary conservation efforts, but there should be a nexus between the mandated reduction levels and current supply conditions, taking into account potential winter storms and storage levels. We propose that in April or May 2016 the SWRCB take into account any changes in supply conditions due to winter storms. The re-evaluation should ensure there is a continued nexus between supply availability and the level of mandated savings required, which could be tapered as appropriate.

5) Development of a New Framework to Address Future Drought Emergencies.

We understand that the Emergency Drought Regulation was developed by necessity in a very short time frame, and therefore was limited in its ability to consider and incorporate many of the complex factors that can affect water use in California. Those factors include emergency supplies, recycled water, sustainable supplies, service area characteristics that influence demands and prior conservation. We appreciate the efforts made by SWRCB to seek stakeholder input to incorporate some adjustments into the proposed extension of the regulation. While we are hopeful that the impacts of this drought will be reduced by winter storms this year, droughts will continue to occur in California. We look forward to working with SWRCB, the Department of Water Resources, and other stakeholders to develop a new framework that will address the complex factors affecting water use for use in future statewide shortages.

Thank you for considering our comments on the proposed emergency regulations. Please do not hesitate to contact me at (949) 453-5590, or Fiona Sanchez, at (949) 453-5325 if we can be of assistance to you or your staff.

Sincerely,



Paul A. Cook
General Manager