

CVP M&I Water Shortage Policy Review Stakeholder Workshop #7 Summary

June 4, 2012
Sacramento, California

Objectives of the Modeling Assumptions Workshop

- Status of the Central Valley Project (CVP) Municipal & Industrial Water Shortage Policy (M&I WSP) Environmental Impact Statement (EIS)
- Review CVP M&I WSP Alternatives
- Enhance understanding of the WSP modeling assumptions and the tools and methods for the alternative analysis
- Obtain input and answer questions from CVP contractors and stakeholders

I. Schedule and Alternatives Review

- A. The Public Draft EIS is anticipated to be available in April 2013, and the Final EIS in fall 2013.
- B. The four alternatives presented at Stakeholder Workshop #6 in February 2012 were renumbered and an additional alternative was added to better reflect Reclamation's current policy and operations.

Alternative	Previous (February 2012)	Current (June 2012)
No Action	Equal Ag and M&I Allocation	Current Draft Policy – 2005 EA M&I WSP
Action Alternative #1	100% M&I Allocation	Equal Ag and M&I Allocation
Action Alternative #2	Updated Working Draft M&I WSP	100% M&I Allocation
Action Alternative #3	M&I Stakeholder Recommended Alternative	Updated Working Draft M&I WSP
Action Alternative #4	N/A	M&I Stakeholder Recommended Alternative

- C. Since Workshop #6, the EIS team has communicated with numerous contractors on background data and has updated information on:
- Contract quantity
 - Historical use
 - Public health and safety values
 - Non-CVP supplies



- D. Contractors wanted to better understand the difference between the Updated Working Draft Policy and the Stakeholder Recommended Alternative (also known as the “Redline/Strikeout” version).
- E. The M&I Contractors disagree with the method for calculating unmet need (unmet need is calculated as the public health and safety [PH&S] levels less non-CVP supplies). The M&I contractors believe that this method creates a disincentive to develop or use non-CVP supplies because using these alternative supplies would lower a contractor’s historical use of CVP water and reduce the future expected deliveries from the CVP.

Reclamation has always considered CVP supplies to be supplemental to non-CVP supplies except in the cases where the CVP provides the sole supply to the particular contractor. However, Reclamation is aware that, in some cases, a contractor’s non-CVP supplies come from the same source as their CVP supplies, and if water supplies are limited, the ability of these sources to provide water to contractors will also be limited.

- F. The American River contractors disagree with Reclamation’s interpretation of Term 14. Reclamation and the American River contractors have been communicating separately regarding the specific issues about Term 14.

II. Questions/ Comments: Modeling Analysis Approach

- A. A discussion on flow requirements for the different watersheds north of the Delta raised a number of issues. On the Yuba River, the Interim D-1644 opinion has been superseded by the Yuba Accord. On the American River, the 2009 Biological Opinion has introduced additional uncertainty into operations at Folsom and how that may affect the American River contractor allocations. The existing flow requirements shown for Clear Creek included a “1963 Reclamation Proposal.” The consultant team will confirm whether these requirements still apply.
- B. Contractors asked whether the San Joaquin River Restoration flows and return pumping would be included in the modeling. The consultant team indicated San Joaquin River Restoration flows would be included but recapture pumping would not be included in the modeling due to the complexity and uncertainty over implementation.
- C. Changes to South of Delta (SOD) allocations as a result of the WSP alternatives will be analyzed in the EIS.
- D. There was a question about how senior water right holders whose allocations are not based on inflow to Shasta Lake, such as the City of Sacramento and the San Juan Water District, will be treated during water shortage periods as their allocations were not explicitly shown in



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the workshop pie chart summarizing CVP contracts. These senior water rights are met as long as there is water available, without a specific contract allocation.

- E. Some contractors asked whether releases from Folsom Reservoir and Shasta Lake will be simulated to hold back deliveries in certain years to avoid a dead pool in Folsom Reservoir and zero allocations on the American River. Reservoir operation changes will be evaluated under Alternative 4 to investigate the effects of attempting to increase reliability for American River contractors.
- F. The modeling of consideration for unmet need under the No Action Alternative and Alternatives 1, 3, and 4 are still under discussion. The modeling may report when CVP supplies are below PH&S levels, without explicitly modeling attempts to meet PH&S.
- G. Some contractors were unclear as to why reoperation of facilities to guarantee PH&S deliveries was included as part of Alternative 4. The consultant team explained that the only way to meet PH&S deliveries in some areas and year types is through reoperation, and that this will continue to be a necessary modeling assumption going forward. The question was posed as to whether the reoperation would only apply when agricultural allocations are at zero. Some contractors will need additional deliveries to meet PH&S needs before agricultural allocations are reduced to zero. When the WSP is implemented in the future, shortage allocations related to a contractor's PH&S needs would be considered on a case-by-case basis at the request of the contractor.
- H. Contractors asked if the Preferred Alternative could be some combination of the alternatives analyzed in the EIS rather than simply one of the specific alternatives in its entirety. The consultant team stated that a combination of the different alternatives is possible as long as all of the elements used in the preferred alternative are fully analyzed in the EIS.
- I. Some contractors wondered if the model uses temperature to drive operations. The consultant team indicated that CalSim does not explicitly simulate temperature criteria and compliance on the Sacramento and American Rivers.
- J. Other contractors wondered whether the model could identify specific constraints to contractor deliveries under the driest and critical years and identify the elements that are most directly causing the shortage. The consultant team indicated that CalSim would identify multiple factors in such a situation and determining which constraints are affecting individual contractors would be difficult. The stakeholders indicated they would like to see these constraints delineated in the EIS to the best of the team's ability.



III. Questions/ Comments: Economic Analysis

- A. Some contractors expressed concern that the Least Cost Planning Simulation Model (LCPSIM) uses very rough assumptions and thus has intrinsic inaccuracies. For example, LCPSIM lumps M&I water supplies by region and assumes free sharing of water supplies between contractors in a given region, which is not accurate. They suggested that an alternate model being developed by David Sunding at U.C. Berkeley may be a better choice for this analysis.
- B. A number of contractors questioned whether the economic analysis would look at the cost of decreased commercial or manufacturing activity as a result of curtailed water allocations. The economic model assumes that the demand for M&I water will be met, but at increasing cost as water supplies diminish. The economics is essentially a “cost of water” analysis, though the contractors would like to see a “lack of water” analysis.
- C. Another issue raised by the contractors is whether the model will include the economic feedback loop imposed by extraordinary conservation measures. As water availability declines and water rates rise, residential and business water use declines due to conservation as water users attempt to lower costs. This in turn requires water districts and municipalities to raise the retail cost of water in order to maintain an adequate revenue stream to cover operations and maintenance costs.
- D. A contractor pointed out that there was a study done by CH2M HILL on the reoperation of Sisk Dam that contained an economic analysis that was challenged by Westlands Water District, among other, specifically on the agricultural assumptions. It was suggested that the EIS team review the reoperation study and the issues raised by the challengers.
- E. Contractors wanted to know whether the economic analysis would account for system and infrastructure improvements that create redundant supplies for M&I uses. Contractors often respond to shortages with capital improvements to create redundant supplies. If the economic analysis does not include the cost of developing these supplies, it could lead to a low impact or low cost economic analysis that masks the effects of shortage allocations to contractors.

IV. Wrap Up

- A. Reclamation expects to hold another workshop with the contractors before the release of the Public Draft EIS to review the analysis and application of the assumptions covered at this workshop.
- B. Reclamation will post the updated contractor data summary table to the project website.

