



# Water Storage Investment Program

## Options for Available Funding

# WSIP Update

- Quarterly reports received and posted
- Temperance Flat Reservoir Authority resolution received
  - Board voted to withdraw application, decline MCED, asks Commission to direct funds to eligible San Joaquin Valley projects
- \$171 million MCED returned

# Commission two-part discussion

- November

- Staff presents options
- No decision this month
- Commission action next month
- Time to consider any public comment

- December

- Answer any questions Commissioners may have on options
- Commission makes decisions about options to pursue
- Does not mean Commission must make any adjustments to MCEs in December

# Options for using available funds

- Two categories
  - Existing projects
  - Explore new projects
- Existing projects – three possible ways to use funds
  - Make Rank 3 Projects whole
  - Possible that two projects could use more funding than requested
  - Apply funds to remaining projects as an inflation adjustment
- New projects – three step process
  - Screening
  - Regulation
  - Solicitation

# Existing Projects - background

- Commission ranked projects in the application review process
  - Five projects in Rank 2 (no projects in rank 1)
  - Three projects in Rank 3
- Rank 3 projects made up the shortfall in available funding
  - MCEDs were less than applicant request
  - Shortfall of \$146,249,000

Project	Request	MCED	Difference
Sites Reservoir	\$916,620,000	\$816,377,686	\$100,242,314
Kern Fan	\$85,700,000	\$67,537,315	\$18,122,685
Willow Springs	\$123,290,000	\$95,405,999	\$27,884,001

# Existing Projects – background (continued)

- In addition to the Rank 3 shortfall, two projects requested less than their total eligibility

Project	Eligible Amount	Applicant Request	MCED	Difference
Harvest Water	\$280,530,000	\$280,500,000	\$280,500,000	\$30,000
Sites	\$1,008,280,000	\$916,620,000	\$816,377,686	\$91,660,000

- In March 2019, the Commission passed a non-binding resolution that asked a future Commission to consider step-wise
  1. Backfilling Rank 3 projects
  2. Seeing if projects with additional eligibility had need
  3. Additional Solicitation

# Today's context

- Economic hardship due to pandemic
  - Commission emergency regulations
- Existing projects changing
  - TFRA withdrawal decision
  - Sites resizing project
- January 2022 continuing eligibility requirement deadline applies to all projects – existing or new
  - Completed feasibility study
  - Commission finding of feasibility
  - Draft CEQA document
  - 75% commitment of non-public benefit cost share

# Existing Projects

- Adjust Rank 3 Project MCEDs to match applicant request
- Funding two projects up to their eligible amounts (beyond applicant request)
- Inflationary bump to all seven remaining projects would treat remaining applicants the same



# Exploring New Projects

- Screen projects now
  - Gather some statutory and project information
    - Screening must satisfy January 1, 2022, requirements
  - No commitment of funding for screening
- If project pool reasonable, Commission would need new regulations for second round
- Second solicitation would require similar level of application/review effort as first solicitation

# Exploring New Projects (continued)

- Potential schedule

- December 2020 – Commission decides whether to start screening process
- January to October 2021 – screening process
  - Projects submitted on rolling basis
- October to December 2021 – Commission makes feasibility findings for projects – if any
- January 2022 – if screening indicates a pool of projects, Commission begins rulemaking process
- January 2023 – open solicitation
- July to December 2023 – review/score/Commission decisions

# Exploring New Projects (continued)

- Screening creates some capacity should funds become available after January 1, 2022
- Pursuing a second solicitation will take time
- Second solicitation could consider current water management realities
- Commission could not fund a second solicitation without making decisions on utilizing funds on existing projects
- Three phases for new projects – can stop at any phase

# Options

- Can engage in screening and take time to understand Sites situation before making a decision
- Can apply some funds to existing projects while engaging in a screening process
- Screening does help if more funds become available post January 1, 2022
- Screening time sensitivity - January 2022 requirements