



Water Storage Investment Program

Exercise of Commission Discretion and Options for Outcomes

California 
WATER COMMISSION

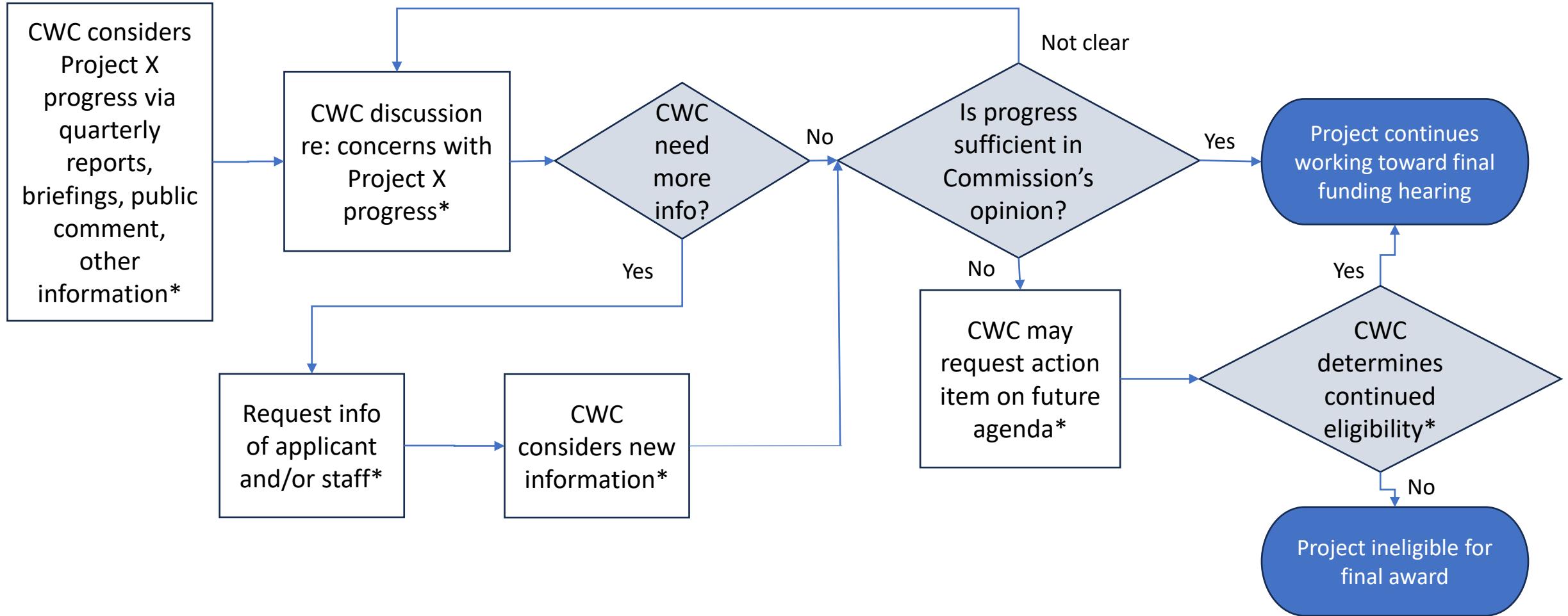
February 2024

January 2024 Discretion Discussion

- Commission has discretion per Program regulations when deciding Project eligibility
- Commission may consider many sources of information when exercising discretion
- Commission may determine that a Project is ineligible for final award

Potential Decision Process

* Indicates public meeting information and/or action



Options for Outcomes Should the Commission Exercise Discretion

- Three options
 - Inflationary adjustment
 - New solicitation for projects already determined feasible by the Commission
 - Seek entirely new projects
- Options also apply to other instances of available funding
 - Award less than MCED
 - Project withdraws
 - Additional funding added

What's Been Done in the Past?

- Inflation increase of 2.5% in 2021
- Commission considered additional projects for eligibility in Program in 2021
- Rank 3 projects “made whole” and additional inflation increase of 1.5% in 2022

Option One – Inflationary Adjustment

- Additional funding distributed to existing projects to compensate for inflation
 - % applied equally to projects
 - Would consider inflation increases already made
 - Dependent on amount available and amount of inflation at the time funds become available
 - Simplest, fastest option to implement

Option Two – Second Solicitation

- Distribute available funding to projects previously found feasible
 - Considers two projects that complied with January 1, 2022, statutory interim deadline
 - Does not increase support for current WSIP projects
 - Would require rulemaking process to establish new regulations governing new solicitation
 - Approximately 2.5-year process

Option Three – New Projects

- Seek entirely new projects
 - Does not further support current WSIP projects
 - Would require statutory and regulatory changes
 - Re-start of entire process
 - Could bring in new projects that were not envisioned when applications were received in 2017
 - Could focus on wider variety of projects and benefits
 - Most effort intensive and most amount of time to complete

Options Pros and Cons

Option	Pros	Cons
1. Inflation adjustment to existing projects	<ul style="list-style-type: none"> • Level of effort and costs for State and WSIP projects is minor • Most quickly implemented 	<ul style="list-style-type: none"> • No additional public benefits • As projects are removed from Program, overall public benefits reduced
2. Solicitation for projects found feasible before Jan 1, 2022, deadline	<ul style="list-style-type: none"> • Less effort than seeking new projects 	<ul style="list-style-type: none"> • State operation funding is finite; additional costs to the State • Fairly time and resource intensive – new regulations, new applications, staff evaluations, and Commission decisions
3. Open the Program for new projects	<ul style="list-style-type: none"> • Opportunity for additional water storage and public benefits 	<ul style="list-style-type: none"> • Would require statutory and regulatory changes • Adds time to already lengthy timeline • Most time and resource intensive (esp. to State operation funding)

An aerial photograph of a large, calm water reservoir. The water is a deep blue color and reflects the sky. The reservoir is surrounded by rolling green hills. In the distance, several high-voltage power lines are visible against the horizon. The overall scene is bright and clear, suggesting a sunny day.

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