



Water Storage Investment Program: Exercise of Commission Discretion and Options for Outcomes

Introduction

The California Water Commission (Commission) administers the Water Storage Investment Program (WSIP) to fund the public benefits associated with water storage projects using funds from Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1). All WSIP projects met an interim statutory deadline to establish feasibility before January 1, 2022 (feasibility deadline). The feasibility deadline ensured that projects made progress to meet the single Proposition 1 statutory deadline. Since then, projects continue to work to complete the remaining statutory requirements for a final funding hearing, essentially becoming “shovel ready.” Each project is on its own timeline. The WSIP regulations give the Commission discretion to determine if an applicant is making sufficient progress toward completing the statutory requirements for final funding. If the Commission determines a project is not making substantial progress, the Commission may also determine the project is no longer eligible for funding through the WSIP, pursuant to California Code of Regulations, title 23, section 6013, subdivision (f)(1).

At its November 2023 meeting, the Commission requested staff present more information about how the Commission may exercise the discretion granted to it through the WSIP regulations. At the January 2024 Commission meeting, Commission Counsel briefed the Commission about how its discretion could be exercised.

If the Commission exercises its discretion and disqualifies a project, the Commission would then need to determine what to do with a project’s returned maximum conditional eligible determination (MCED) amount. At this meeting, Commission staff will discuss options available to the Commission if a project is disqualified.

Background

Through the WSIP, the Commission will invest nearly \$2.6 billion in the public benefits of water storage projects, consistent with the requirements of Proposition 1, Chapter 8. In July 2018, the Commission made MCED decisions that set the amount of Proposition 1 funding potentially available to each project. One project received a final award at the June 2023 Commission meeting. The six remaining WSIP applicants successfully met the feasibility deadline and are working to complete the remaining statutory requirements. These include obtaining permits and completed environmental documents, executing contracts for the administration of public benefits, and completing contracts for non-public

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benefit cost share. Once these requirements are complete, each remaining WSIP applicant will return to the Commission for a final award hearing.

This agenda item implements Goal Four of the Commission's Strategic Plan, which calls on the Commission to carry out its statutory responsibilities for the WSIP.

Meeting Overview

At the meeting, staff will provide an overview of options available to the Commission for potentially redistributing MCEDs should the need arise. This is an informational item.

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