



Meeting Minutes DRAFT

Meeting of the California Water Commission

Wednesday, October 16, 2013

State of California, Resources Building

1416 Ninth Street, First Floor Auditorium

Sacramento, California 95814

Beginning at 9:30 a.m.

1. Call to Order

Chairman Joe Byrne called the meeting to order at 9:31 am.

2. Roll Call

Executive Officer Sue Sims called roll. Joe Byrne, Joe Del Bosque, Kim Delfino, Lu Hintz, Adán Ortega, and David Orth were present, constituting a quorum. Danny Curtin arrived after the roll call. Andrew Ball and Anthony Saracino were absent.

3. Approval of September 2013 Meeting Minutes

A motion was made and seconded to approve the September 18, 2013 meeting minutes. A vote was taken and the motion passed unanimously.

4. Executive Officer's Report

Sue Sims provided the Executive Officer's report. The first section of the California Water Plan Update 2013 Public Review Draft was released last week. Comments are due November 18. Commission staff suggested the Commission submit supportive comments regarding the goal of agency alignment. The second section, which will contain specific recommendations on resource issues and management, will be released today with comments due by December 2. Commission staff will review those sections between now and the November Commission meeting.

The Association of California Water Agencies (ACWA) recently released their Statewide Water Action Plan. There is a possibility for a presentation from ACWA at the next meeting. Chairman Byrne, Commissioner Curtin, and Executive Officer Sims will meet with ACWA's Executive Director Tim Quinn and some of his staff and report back on opportunities for ACWA and the Commission to work together.

The first committee hearing on House of Representatives' proposed Water Resources Development Act (WRDA) bill took place, but a vote on the House floor has been delayed by the federal government shutdown.

It has been recommended that the Commission hold drought hearings that focus on small water systems in rural areas such as the foothills of eastern San Diego County and some areas of the Inland Empire. The Commission may wish to host drought workshops in those communities in early 2014.

7. Action Item: Consideration of Revisions to Agricultural Water Measurement Regulation

(This item was heard out of order.) Manucher Alemi, Chief of DWR's Water Use and Efficiency Branch, recommended the Commission approve a change to the Agricultural Water Measurement regulation that was originally adopted in 2012. During the initial regulation process, public comments were received suggesting the Aggregated Farm-Gate Delivery Reporting Form be changed from a fiscal year to a calendar year reporting period.. The updated form was introduced to the Commission in February 2013 and staff was directed to proceed with the rulemaking process. DWR then began a public comment period. One public comment suggested that the form include an email address for submission of the form, but this will be included in an accompanying guidebook instead. One comment was received requesting clarification of information on the form.. If the Commission approves the updated form, it will be submitted to the Office of Administrative Law and is expected to be approved with no further changes.

Commissioner Hintz asked if any completed forms have been submitted from water suppliers. Mr. Alemi said about 50 forms were received. If the revisions to the form are approved, the next round of form submissions will be due July 2014 with information from the 2013 calendar year.

Commissioner Del Bosque made a motion to approve the changes to the regulation.

Commissioner Orth seconded the motion. A vote was taken and the motion passed unanimously.

5. Legislative Update

Kasey Schimke, DWR Assistant Director for Legislative Affairs, provided an update on the first year of the 2013-14 legislative session. Among the bills that relate to DWR and the Commission are:

- Assembly Bill (AB) 71, Salton Sea, requires the Secretary for Natural Resources to work with the Salton Sea Authority to implement Salton Sea restoration efforts and authorizes the Authority to independently perform economic feasibility studies for restoration efforts.
- AB 478, State Employees: Ratified the Memorandum of Understanding between the State and State Water Project (SWP) employees, which is a step toward solving the recruiting and retention issue with SWP employees.
- AB 1259, Sacramento-San Joaquin Valley, made a change to 2007 flood legislation and clarified the circumstances under which local agencies may move forward with development in areas subject to deep flooding; it added that development may move forward if an adequate level of flood protection has been achieved.

There were also a number of bills chaptered which address topics such as water recycling and municipal water districts' financial reporting requirements.

Bills which were not chaptered include several bills pertaining to California Environmental Quality Act (CEQA) reform.

- AB 52 would have created more formal involvement for Native American tribes to participate in CEQA projects by increasing the significance of impacts to tribal resources. The bill did not move through the Senate but there is potential for it to be considered in 2014.
- AB 1331 (Rendon) and SB 42 (Wolk) would repeal the Safe, Clean, and Reliable Drinking Water Supply Act of 2012 (water bond) and place a modified measure on the November 2014 ballot. These bills will be considered in 2014.
- Senate Bill (SB) 731 was Senator Steinberg's attempt at CEQA reform; there may be an attempt to move it in the second year of the session.

Commissioner Curtin noted that the Water Recycling bill, SB 322, requires the Department of Public Health and State Water Resources Control Board to investigate the feasibility of developing criteria for direct potable use of recycled water and asked why those agencies need authority to investigate something on their own. Mr. Schimke said he believes the Governor had a signing message on the bill with the intent that the agencies should accomplish the investigation as quickly as possible.

Mr. Curtin asked if any areas other than Orange County have achieved high levels recycled water use. Commissioner Ortega said there are currently programs in place in Los Angeles County. Tertiary treated water has been in use in Whittier Narrows since 1962. The GRIP Project by the Water Replenishment District of Southern California is working to develop a project similar to the Orange County Groundwater Replenishment System t Mr. Ortega believes Los Angeles County will be the site of the next large water recycling project in the state.

Chairman Byrne asked for clarification as to whether or not the Senate produced a completed bill attempting to replace the current water bond. SB 42 includes a \$5.6 billion water bond. AB 1331 calls for a \$6.5 billion water bond. Mr. Byrne asked about the deadline for changes to the water bond, and if there is a plan to deal with the competing Senate and Assembly plans. Mr. Schimke said that the Senate and Assembly will likely have until June 2014 to make changes. If the bond that is currently set to go to voters is replaced, that decision would probably be made midyear. The Senate bill currently has provisions for flood protection, but the Assembly bill does not. Flood protection may be discussed as part of a separate bond. AB 1331 has decreased the amount appropriated for water storage funding to \$1.5 billion. SB 42 set the amount of funding for storage at \$1 billion and removed continuous appropriation.

Commissioner Ortega asked if the statewide inventory of local regional water supply projects required by SB 449 is already a feature of the Water Plan Update, and if that is a feature, could it not be converted into a tool for the legislature. Mr. Schimke stated that the bill was an attempt to gain an understanding of all potential projects as well as projects that are in progress and completed. It would create an inventory of potential projects that could be accomplished if they received funding. The Water Plan includes regional reports, but the intent of the bill was to obtain a more formal list of feasible projects.

Chairman Byrne stated that he and Executive Officer Sims had been asked by the Delta Stewardship Council to help develop an inventory of potential water storage projects around the state. The Association of California Water Agencies (ACWA) has also stated an interest in assisting the Commission gather that data.

Commissioner Curtin suggested informally requesting water infrastructure plans from planning agencies in order to begin compiling data on issues beyond water storage.

Mr. Ortega believes an inventory is an essential element of any water plan for California, but there needs to be a cohesive vision and an organizing principle for a plan. He noted that system wide efficiency is rarely mentioned and needs to be a factor in considering water infrastructure projects.

Commissioner Delfino asked about the status of the State's Water Action Plan and expressed a desire for more information on water transfers. Ms. Sims said DWR has completed recent work on water transfers, and will schedule a briefing on water transfers next month. Mr. Byrne asked if those efforts were being conducted jointly with the State Water Resources Control Board (Water Board). Ms. Sims said that some water transfers are overseen by the Water Board, whereas others are overseen by DWR. An overview of water transfers and their impacts will be scheduled for the November meeting of the Commission. The State Water Action Plan is still under development by various agencies. The Governor's Office of Planning and Research (OPR) is now involved and has held small meetings with some of the stakeholders. Ms. Sims believes it is still on track to be released, but is unsure of the timing.

Mr. Ortega provided information on a meeting organized by OPR which he attended with stakeholders from Southern California. The meeting included a discussion of what strategies could be implemented with currently available resources before a statewide set of solutions is reached. The ultimate goal of the meetings is to produce a set of recommendations which could be submitted to the Governor for consideration. Commissioner Curtin asked if the meeting focused more on projects that could be easily accomplished, or the "big picture." He also reiterated that an inventory of projects and available funding would be helpful for such discussions. Mr. Ortega

said that there seems to be general agreement on what should be done and that a lot could be accomplished by examining the basics of how water is configured and financed in California.

Ms. Delfino asked what the role of the California Water Commission is in the development of the State Water Action Plan and suggested that OPR could provide the Commission a briefing on plan development. Mr. Byrne agreed, and added to Mr. Curtin that he does not believe legislation is necessary to begin an inventory of water projects. The intention in coordinating with ACWA is to determine from whom a request for inventory should be issued. Ms. Sims suggested coordinating with the regional groups that have been working on the California Water Plan Update. The goal of coordination is to determine the best way to collect the most information for a more robust inventory. Commissioner Orth added that it is important to include the Integrated Regional Water Planning units in the process of information gathering as they blanket the state and some inventories already.

6. Action Item: Review of Updated Staff Draft of Proposed Regulations and Guidelines for Proposed Regulations and Guidelines for Quantifying the Public Benefits of Water Storage Projects

Chairman Byrne introduced the item and provided additional background information for the benefit of the recently appointed Commission members. The Commission has been working on the methods for quantifying and evaluating public benefits for more than two years. There have been many discussions about how to quantify ecosystem, water quality, and recreational public benefits of water storage projects. Ajay Goyal, Chief of DWR's Statewide Infrastructure Investigations Branch and DWR consultants have been developing a staff draft of proposed regulation language and guidelines that have incorporated Commission input. The Commission plans to solicit additional public comment for consideration.

Mr. Goyal, noted that the Commission's suggestions from previous discussions and input from DWR legal staff were incorporated into this draft Regulations and Guidelines. The regulations contain information about the quantification and monitoring of public benefits, definitions of the public benefits categories, and the ecosystem priorities provided by the California Department of Fish and Wildlife (CDFW) and the State Water Resources Control Board (Water Board). Information related to the process that would be used to evaluate and fund water storage projects is contained in the guidelines. A section on screening and evaluation of applications for funding has also been added to the guidelines. CDFW and the State Water Board have not yet reviewed the latest DWR staff draft of the regulation and guidelines, but Mr. Goyal will ask both agencies for comments and input over the next few months.

Steve Hatchett, economic consultant to DWR, presented the draft regulations to the Commission. Mr. Hatchett emphasized that it is a staff draft and the Commission may not begin the formal rulemaking process prior to voter approval of the water bond that is currently on the November

2014 ballot. The first portion of the draft regulation contains information from SBX7-2 related to the Commission's role in the quantification and management of public benefits. Mr. Hatchett pointed out that the sections of the Water Code referenced are not actually in the Water Code since a water bond has not yet been passed. The five types of public benefits eligible for public funding are listed. There is a small section on the applicability of the regulations. There is a list of definitions of key terms used in the document. Since the last draft, some clarifications in the definitions of types of public benefits have been added. One ongoing issue has been determining the intention of the legislature in regards to water quality benefits, so some of that language is still vague. The Commission has discretion to make additional changes or clarifications to that definition. The Quantification of Public Benefits section addresses generally how applicants for public funding should prepare their quantifications of public benefits. There is a range of methods for quantifying each of the five types of public benefits, which can be found in the "Description and Screening of Potential Tools and Methods Quantify Public Benefits of Water Storage Projects" document. The role of the review panel would be to review applications for funding and make recommendations to the Commission. The draft regulations include a list of what items are necessary for a quantification of public benefits, but not specific steps for how to go about quantification. The priorities and relative environmental values are statutorily required to be included in the regulations and were developed with the input of CDFW and the State Water Board. The Monitoring and Management of Public Benefits section outlines the kinds of information and assurances project applicants will need to provide on an ongoing basis in return for funding. While most of the process details are in the guidelines, the regulations do include an outline of the mandatory competitive process for funding. This section includes a description of a solicitation package for potential applicants, a project evaluation panel, and the process for determination by the Commission. Discussion is ongoing on how to address conflicts of interest issues for the project evaluation panel members.

Commissioner Hintz noted that he did not see the requirement for 50% of the benefits to be ecosystem benefits in the regulations and asked if it had been left out for some reason. Mr. Hatchett said that is perhaps a section that should not have been moved out of the regulations. He added that the wording of that section has been updated to clarify that if a potential projects' public benefits are less than 50% ecosystem benefits the project is still eligible for funding under the Act. However, the ecosystem benefits must be 50% of the public benefits for which the project requests funding.

Commissioner Delfino asked if other sections pertaining to steps necessary for the Commission to make determinations about funding projects had also been moved out of the regulations. Mr. Hatchett said that the proper allocation of content between the regulations and guidelines is still up for discussion. Legal consultant Spencer Kenner noted that the language of SBX7-2 gives the Commission authority to draft guidelines, so there is less concern about underground regulations.

Chairman Byrne noted that the guidelines will be included with the application for funding and asked if things can be said in both the guidelines and the regulations. Mr. Goyal said that it is better not to repeat things, because if the regulations have to be changed when they go to the Office of Administrative Law (OAL), then identical sections in the guidelines must also be changed.

Roger Mann, DWR economic consultant, reviewed the updated draft of the guidelines. The guidelines primarily focus on the information requirements for potential projects. Mr. Mann noted that the Evaluation Criteria and Scoring Standards table at the end of the guidelines is not a proposal by staff. The introduction includes a list of definitions, some of which have been added or modified for clarity since the last draft. The section on Definition and Scope of Public Benefits includes definitions of public benefits from the Safe, Clean, and Reliable Drinking Water Supply Act of 2012 (Act), clarification of these definitions, and clarification that California public funds should not go to public benefits that accrue to federal properties.

Ms. Delfino explained that wildlife on federal land is actually held in the public trust by the State and clarification on that point may be required in the guidelines.

Mr. Ortega asked about public benefits which may have negative impacts on other public benefits. Mr. Mann said that the entire net effect of a potential project should be determined during the process of physical quantification. Evaluation will be based on net improvement.

The guidelines lay out the agencies or entities and types of projects which will be eligible for funding. The language regarding ecosystem benefits requirements was changed to reflect that if non-ecosystem benefits exceed ecosystem benefits, that excess will not be funded. Potential projects must also provide a measureable improvement to the Delta ecosystem or its tributaries, and be cost-effective.

Mr. Ortega asked how the guidelines would address projects that requested funding to remedy negative externalities from other state actions. Mr. Mann said applicants could be asked what the cost of not implementing their proposed project would be, and this cost would be the benefit of funding the project.

The maximum grant amounts included in the draft guidelines could be set at the discretion of the Commission. The steps of the solicitation and selection process are listed. Mr. Mann suggested that the Commission pay special attention to those sections to ensure it is the type of process they that most effectively meets the legislative intent and provides the greatest benefit. Information to be provided by applicants has been moved from the regulations to the guidelines, and is another area for the Commission's focus. The Scope of Benefit, Cost, and Cost Allocation section provides a rationale for full cost allocation and a fair process of determining what costs should be paid by whom. Examples of benefits are provided for the different categories to provide

clarification. The quantification methods are laid out in detail in the Steps to Quantify Benefits and Allocate Costs section. That section elaborates on the quantification process provided in the regulations. The guidelines also list documents required as part of the Act and other documents which seem necessary to satisfy the requirements of the act. The operations plan can be used as the basis for assurances. As opposed to many benefits, the operations plan can be verified from year to year. The Monitoring, Assurances and Reporting plan is also an important part of the requirements.

Mr. Curtin asked if the requirements were merely an expansion of what was included in the regulations. Mr. Mann affirmed that they are. Mr. Curtin brought up the previously stated concern of not duplicating sections of the regulations in the guidelines. Mr. Goyal stated that some sections must be present in both documents.

Initial screening will be used to determine if potential projects meet the minimum requirements for consideration. Applications which meet minimum requirements will be reviewed by the project evaluation panel. The panel will provide a written summary and score for each criterion of a proposal. The evaluation criteria have not been definitively decided upon aside from what is required by the Act.

Mr. Byrne stated an understanding that there will be considerable further discussion about the evaluation criteria. Mr. Curtin expressed a desire to remain flexible by not settling on numbers. He would also like to keep in mind the need to evaluate potential projects in a larger context.

Mr. Ortega asked if the enabling legislation permits the Commission to make judgments on the degree to which a project fits into an overall plan. Mr. Mann said that the Act names the ability to improve systemwide operations as an important consideration, which is listed in the evaluation criteria table.

Mr. Byrne inquired whether the ability to improve system operations is explicitly defined. Mr. Mann stated that improvement to system operations would likely come up in a hydrologic study and the benefits analysis. It may need to be a separate criterion. Mr. Ortega noted that in the absence of a broader plan, those benefits may be isolated.

Mr. Byrne echoed Mr. Curtin's concern that the Commission should not be completely dependent on a numerical score assigned by the project evaluation panel. He would like the Commission to have flexibility in decision-making. Mr. Byrne also noted several sections which are geographically specific and wanted to verify that there was a reason for that specificity and that it will not be problematic. Mr. Mann explained that, for those regions, models to calculate salinity costs already exist. For other regions, there are not preexisting models established.

Mr. Del Bosque inquired as to whether there are any prescriptions in the guidelines for dealing with two independent potential projects which would enhance each other. Mr. Mann believes that the decision of how to handle such situations would be at the discretion of the Commission.

Mr. Ortega stated that man-made disasters are mentioned in the regulations, but not in the guidelines. It is an inconsistency which should be remedied.

Mr. Curtin asked for clarification of the weights assigned to evaluation criteria in the table at the end of the guidelines. Mr. Mann suggested removing all the weights, Mr. Byrne agreed. Mr. Mann also suggested that qualifying language be included on all the scoring criteria if it is to be included on some. Chairman Byrne suggested omitting the table altogether for the draft that is released for the informal public review. Ms. Delfino disagreed and stated that including more information will produce more complete public comment. The public's thoughts on the table would be constructive for the Commission's consideration, though she agreed with the suggestion of removing the weighting and scoring information.

Mr. Curtin suggested that a separate conversation about the weighting might be worthwhile. The weighting should be based on the five basic criteria established by the statute. More significant priorities should be given more weight than others. Mr. Mann said that the Commission could require a minimum score or multiply the scores for each category. Mr. Byrne suggested including the table for public comment, but could discuss weighting and scoring at a later date.

Mr. Mann suggested including a short explanation for each scoring criterion, and Mr. Byrne agreed. Mr. Goyal suggested adding several more categories, such as the robustness of potential projects' benefit to climate change, to the scoring criteria. Mr. Byrne agreed.

Chairman Byrne invited public comment on the agenda item.

Greg Zlotnick of the San Luis and Delta-Mendota Water Authority noted that the discussion was enlightening and asked if the intention was for the Commission to fund projects already in progress or only those projects that need funding to begin. He said there seems to be a bias toward projects that are already in progress. He asked if the Commission would look at projects that could be partially funded through the Integrated Regional Water Management Plan (IRWMP) process, or projects that have stalled due to a need for funding. Mr. Zlotnick also inquired whether the priorities provided by CDFW and the State Water Board will be the Commission's guidance in decision-making, or if those priorities will be informing their discretion. He said the documents read as if those priorities are determinative. He pointed out that the wording about water quality in the definitions and ecosystem priorities sections does not completely match on page three of the regulations and page eight of the guidelines. Mr. Zlotnick asked, of the documents required by the regulations, if the intent is to exceed what is required by

CEQA. He asked if the sixth water quality priority listed in the regulations should actually relate to storage capacity, rather than supply capacity, since it would be more consistent with the Commission's aim. Mr. Zlotnick noted that assessing the annual benefit of a project as part of the screening process can be an extremely difficult task. He expressed concern that ranking of potential projects' expected return for public investment based on a cost-benefit analysis could favor smaller projects. Mr. Zlotnick suggested reviewing the language in sections 4(a) and 4(b) on page fifteen of the guidelines because they seem like ecosystem benefits rather than water quality benefits. He also suggested that operational improvement be weighted heavily in the evaluation.

Chairman Byrne asked if there was a motion to release the documents for public comments with the discussed alterations.

Ms. Delfino requested clarification on the timeline of public comment and suggested including a link to the statute when releasing the regulations and guidelines for comment. Ms. Sims said that changes would likely be completed by the end of the month and suggested setting the deadline for public comments sometime in January. Staff would then bring comments back to the Commission at the February 19, 2014 meeting. Chairman Byrne agreed that the proposed timeline sounds reasonable and suggested discussing the possibility of a Commission workshop on weighting and scoring at a future meeting.

Commissioner Delfino moved to release the draft regulations and guidelines for public review. The motion was seconded by Commissioner Hintz. The motion was passed unanimously.

8. Update on the Status of Previously Approved Resolutions of Necessity in Support of the Bay Delta Conservation Plan

Allan Davis, DWR Supervising Land Agent, and Cathy Hallinan, DWR Staff Counsel, provided the Commission with an update on previously approved Resolutions of Necessity (RONs) for geotechnical drilling to support the proposed Bay Delta Conservation Plan and Delta conveyance projects. Since the Commission originally approved the RONs in 2011 and 2012, DWR staff has been working with interest-holders on several properties in the Delta and have successfully negotiated agreements with over half of them. Discussions are ongoing with interest-holders with whom agreements have not been reached. DWR is continuing to optimize conveyance alignments with the goal of minimizing impacts to individual property holders and Delta communities.

Ms. Hallinan noted that DWR has been meeting with landowners. The upcoming release of the BDCP environmental documents is imminent and this will help further inform work on these projects. She also reported that oral arguments will be heard by the Court of Appeals on

December 16, 2013 on the case requiring that the State's entries for geotechnical drilling in the Delta be obtained through eminent domain action. DWR staff will return to the Commission at a later time with an update on these activities.

9. Overview of Water Sector Recommendations in the 2013 Update to Assembly Bill 32

Climate Change Scoping Plan

John Andrew, DWR Assistant Deputy Director and Executive Manager for Climate Change, briefed the Commission on the draft update to the AB 32 Scoping Plan released by the California Air Resources Board (ARB). The scoping plan was first adopted by ARB in December 2008 and constitutes the State's strategic plan for reducing carbon emissions. It presented an expansive and detailed plan to reduce greenhouse gas (GHG) emissions in California to 1990 levels by 2020. AB 32 requires an update to the scoping plan every five years. The update draft was released for public review on October 1, 2013. The update is more visionary and far less detailed than the 2008 plan. It also looks beyond 2020 by providing a vision of 2030 and 2050. That vision includes an efficient transportation system, sustainable community planning, and decarbonization of energy systems.

There is a change to the mandated 2020 goal in the updated scoping plan as well as the business-as-usual trajectory. The first scoping plan estimated that the State would have reached 596 million metric tons of carbon per year by 2020 if no action had been taken. This has been revised to 509 million metric tons, mainly because of the carbon reduction caused by the economic recession. The original absolute value of the 1990 level was set at roughly 427 million metric tons of carbon. The update revised the 1990 level to 431 million metric tons.

The AB 32 Scoping Plan update focuses on six key economic sectors: transportation, energy, agriculture, waste, natural lands, and water. The water chapter states that water conservation and energy efficiency are the primary mechanisms for reducing emissions in the water sector, which is consistent with DWR policies and goals. Mr. Andrew stated that most energy use in the water sector is concentrated at the end use. Urban water conservation is integral to reducing the carbon footprint of the water sector.

Mr. Andrew pointed out some general concerns regarding the recommendations found in the scoping plan update. There is a need for a direct connection between the proposals in the update and a reduction in GHG emissions. There are comments throughout the document about providing funding for measures, but the source of funding is unclear.

One specific recommendation that may be of interest to the Commission is the decoupling of water sales from revenues. Certain utilities companies may have a business model which provides a disincentive to conservation. Decoupling would help solve this issue. There is also a recommendation to develop policies which accurately reflect the value of water. Water is

traditionally understood as being fundamentally undervalued in California. The recommendation's direct connection to GHG reductions is unclear. The correct forum for a discussion about the value of water may be of interest to the Commission. The public review period for the draft will continue until November 1. The final draft of the update will be presented to ARB in late November. Appendices may also be added to the report at that time. There will be a CEQA review, and the entire plan will go before the ARB for adoption in spring 2014.

Mr. Ortega noted that the issue of public health is often ignored in the discussion of climate change. A large gap in discussions has been the impact the California Department of Public Health has on potential GHG emissions from the water sector. There are public health goals driving down the maximum contaminant levels that are acceptable in water. The technologies used in response consume large amounts of energy. Other technologies require the trucking of residuals across state lines because those residuals are considered hazardous waste in California. That energy consumption is unaccounted for in discussions of GHG emissions generated by the water sector. Mr. Ortega hopes that any comments provided to the ARB by DWR include some discussion of the impacts, on costs and emissions, of increasing standards for safe drinking water.

Mr. Curtin asked Mr. Andrew to reiterate his comments about the concentration of energy in water use. Citing studies by the California Energy Commission and the California Public Utilities Commission, Mr. Andrew stated that about 20% of all of California's electricity usage is somehow related to water. Of that 20%, about three quarters is related to end uses of water. Roughly one-third of natural gas that is not used in the production of electricity is used in the water sector. Almost that entire portion of natural gas usage is at the end use. Water transportation does play a large role in energy consumption, but not as much as end uses.

Mr. Curtin asked if DWR had input in the ARB scoping plan update. DWR was involved in the development at times, but the update was primarily produced by ARB.

Mr. Curtin asked if the proposals in the update might qualify for funding. Mr. Andrew reiterated his concern that sections mentioning funding should be clarified. There are multiple ways funding might be provided, but it is not specified.

Mr. Ortega asked if all cap and trade revenue has already been claimed. Mr. Andrew said it has been claimed this year by the State General Fund but it may be reallocated in future years.

Executive Officer Sims asked if it would be the desire of the Commission for staff to draft comments on the AB 32 scoping plan update. Chairman Byrne expressed an interest in commenting. Mr. Curtin added that comments should suggest that DWR be involved in water recommendations in the future.

10. Consideration of Items for Next California Water Commission Meeting

Items for the next meeting may include an update on the status of the State Water Project Alamo Power Plant, water transfers, resource management strategies in the California Water Plan Update 2013, on the Delta Special Projects program, a case study on a water storage project, an update on area of origin legal issues, and an update on the San Joaquin River Restoration Program.

11. Public Comments

Robert Gore from the Gualco Group noted that there is a single administrative thread that connects the various water plans as well as a variety of other policies and organizations. That thread is the Climate Action Team's water panel, known as WET-CAT. Mr. Gore suggested the Commission work with WET-CAT. He also noted that the AB 32 scoping plan update will be significantly supplemented with additional documents including water and agriculture white papers.

Mr. Byrne adjourned the meeting at 12:10 pm.