

Submitted via ELECTRONIC MAIL to WSIPComments@cwcc.ca.gov

October 3, 2016

The Honorable Joseph Byrne, Chair
California Water Commission
1416 Ninth Street
Sacramento, CA 95814

Subject: Proposed Revisions to the Water Storage Investment Program Quantification Regulations, Dated September 2, 2016, and the Draft Technical Reference Document, Dated August 29, 2016

Dear Chair Byrne:

The Santa Clara Valley Water District (District) manages an integrated water resources system that includes the supply of clean, safe water, flood protection, and stewardship of streams on behalf of Santa Clara County's nearly 1.9 million residents. The District effectively manages 10 dams and surface water reservoirs, 3 water treatment plants, an advanced recycled water purification center, a state-of-the-art water quality laboratory, nearly 400 acres of groundwater recharge ponds, and more than 275 miles of streams. We provide wholesale water and groundwater management services to local municipalities and private water retailers who deliver drinking water directly to homes and businesses in Santa Clara County. Our mission is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.

The District has a strong interest in the California Water Commission's (CWC) efforts on the Water Storage Investment Program (WSIP) created by the passage of Proposition 1. The District was supportive of the \$2.7 billion that was ultimately included to fund the public benefits of water storage projects. Increasing all types of water storage throughout the state is an integral component to a comprehensive solution to our statewide water needs.

We write in order to provide some suggestions on the Proposition 1 WSIP Quantification Regulations and the proposed technical reference document. We believe that as the CWC moves toward timely adoption of all required WSIP regulations, it should focus on twin objectives of ensuring compliance with the requirements of Chapter 8 of Proposition 1 and providing a workable framework for project proponents to utilize when presenting the public benefits of their projects for potential WSIP funding.



We would like to thank the CWC staff for having incorporated the District's suggested changes submitted in our previous letter dated March 14, 2016. We are also appreciative of the changes made based on comments by several other water agencies and the Association of California Water Agencies (ACWA).

We would like to make the following suggestions to the newly released draft of the regulations for your consideration:

COMMENT 1: Conjunctive use and reservoir reoperation projects should be exempted from the State cost share cap.

Section 79756 (a) of Prop 1 states “[t]he public benefit cost share of a project funded pursuant to this chapter, other than conjunctive use and reservoir reoperation projects, shall not exceed 50 percent of the total costs of any project funded under this chapter.” Section 6004(a)(7)(A)(2) of the regulations should be modified to reflect that reservoir reoperation and conjunctive use projects are exempted from the state cost share cap that applies to other types of projects.

COMMENT 2: The environmental mitigation measures and compliance obligations in the revised draft regulations are not in line with the intent Proposition 1 Chapter 8.

Section 6004(a)(7)(A)(4) & (5) would introduce temporal distinctions and limitations on the Commission's discretion that are not consistent with the language of Proposition 1.

Proposition 1, Chapter 8, Section 79753 (b) states the “Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations except for those associated with providing the public benefits as described in this section.”

Chapters 4 and 6 of Proposition 1 include language that restricts funding of existing mitigation requirements, but the restrictions in Chapter 4 are specific to water acquisition and the restrictions in Chapter 6 are specific to that chapter. Chapter 8 does not make these distinctions. As such, we suggest that the draft regulation be amended to allow for funding mitigation and compliance obligations associated with providing the public benefits described in Chapter 8.

The previous version of the draft regulations from January included language that addressed this issue correctly in Article 3, Section 6003 (7)(A)(4) which stated, “shall not be associated with existing environmental mitigation or compliance obligations except for those associated with providing the public benefits.”

COMMENT 3: Clarify the use of alternative methods for quantification of public benefits.

Section 6004 (a) of the draft regulations states, “An applicant may also select a method not included in the Technical Reference if the method is conceptually sound and adequately described and documented in its Program application.” We suggest adding language provided by ACWA in their comment letter which clarifies the use of an alternative method of quantification. Providing the explicit language ensures that applicants have confidence in that their application contains the appropriate information. At a minimum, we suggest amending the draft regulations to explicitly allow applicants to provide an alternative method of quantification for the public benefits of a project.

COMMENT 4: The modeling requirements in the draft regulation and technical reference document provides costly and not necessarily effective tools to analyze the impacts of climate change on the public benefits provided by the projects.

The District supports a robust evaluation of benefit resilience under climate change. However, incorporating a specific future climate into the baseline, rather than treating climate change as a source of uncertainty, propagates a profound and unnecessary amount of error and uncertainty into the benefit and monetization calculations. There are three main categories of uncertainty associated with developing a baseline: error in the historical hydrologic record, error within a given model platform, and error associated with linking various modeling platforms. Although the sources of error and uncertainty affect the development of any baseline, the magnitude of the error and uncertainty grows dramatically when developing a climate change baseline given the large number of models used.

The District suggests that the climate change scenarios developed by the CWC should be used as the basis for determining benefit resiliency rather than the baseline for calculating benefits. This will ensure that information contained in the application does not contradict information contained in an applicant's environmental documentation and that benefit resilience is evaluated in a robust manner over a range of future climate scenarios.

COMMENT 5: For smaller projects, simpler and more appropriate models than CalSim-II should be used or allowed for analyzing project benefits.

Requiring that project proponents use CalSim-II to show Delta benefits, as stated in the Technical Reference Document, may be suitable for large proposed projects but is not suitable or practicable for relatively small projects and may result in a failure to capture potential project benefits.

Although CalSim-II is a standard planning tool in California, it has limited capacity to quantify all of the public benefits of smaller regional projects, which could eliminate these projects from Proposition 1 funding opportunities. CalSim-II uses a monthly time-step and it is a fairly crude mass balance model. The modeling errors may be larger than the potential benefits of smaller projects, resulting in incorrect quantification of these benefits. In attempting to represent such smaller projects, the changes in flows and storage of the overall state-federal system, which CalSim-II is well designed to represent, will be "in the noise" of the model output and therefore of no practical use. In addition, CalSim-II does not capture actions that project operators would undertake in real time, and therefore would not accurately demonstrate the real-time benefits these smaller projects could provide. These unmeasured benefits could include more flexible pumping operations over a period of days or weeks, which could protect listed fish species.

The CWC should consider setting a threshold such as projects with new storage capacity less than 250,000 acre-feet or those that would produce annual storage changes less than 125,000 acre-feet, below which analysis may be conducted using simpler tools than CalSim-II. Such analysis can be conducted using simpler tools that achieve "post-processing" of available CalSim-II model results and are therefore sufficiently consistent with such CalSim-II analyses. In the same way, such tools can also be used effectively to evaluate the effects of CWC's climate change scenarios as discussed under Comment 4.

The CWC may also wish to consider that requiring proponents of smaller projects to produce expensive and time-consuming CalSim-II analysis may unfairly cause those proponents to self-eliminate. Such elimination would be unfortunate since smaller projects typically have important regional benefits and many of these could also meet Proposition 1's broader requirements.

COMMENT 6: The technical reference document should be separated from the Quantification Regulations.

While we understand the purpose of creating a document that provides the technical information that applicants will need in order to compile an appropriate application, we believe the technical reference document creates inflexibility. There may be projects where the technical reference document does not apply or where the modeling requirements may not be appropriate. In order to then make changes to the technical reference document in the future, the CWC would need to revisit the regulations. Amending the regulations is not feasible as WSIP funding is likely to be exhausted in the first round of grant funding, given the size of the projects that are likely to apply.

In addition to the comments above from the District, we support ACWA's comments and suggested amendments provided in their comment letter to the CWC on the Revised Draft of the WSIP Quantification Regulations as they would help advance these objectives.

We thank you for the opportunity to comment on the revised draft of the WSIP Quantification Regulations. We understand all of the hard work and effort that the CWC and staff have poured into this body of work. We look forward to the WSIP program funding of much needed water storage as part of a comprehensive water management solution to California's needs. We welcome any questions you or your staff may have on our suggestions. For further information or questions, please contact Mr. Antonio Alfaro, Government Relations Advocate, at (916) 448-8497 or via e-mail at aalfaro@valleywater.org.

Sincerely,



Norma J. Camacho
Interim Chief Executive Officer

cc: The Honorable Joe Del Bosque, Vice Chair
The Honorable Carol Baker, Commissioner
The Honorable Andrew Ball, Commissioner
The Honorable Joseph Byrne, Commissioner
The Honorable Daniel Curtin, Commissioner
The Honorable Paula Daniels, Commissioner
The Honorable Maria Herrera, Commissioner
The Honorable David Orth, Commissioner
The Honorable Armando Quintero, Commissioner
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