

October 03, 2016

Attn: Rachel Ballanti, Acting Executive Officer

California Water Commission
PO Box 924836,
Sacramento, CA 94236-0001

Submitted via email: WSIPcomments@cwcc.ca.gov

Regarding: Draft WSIP Quantification Regulations (Regulations) &
Technical Reference document (TR), dated September 2, 2016

Dear: Ms. Ballanti:

The Sites Project Authority's (Authority's) September 29 letter focused on policy-related items the Water Commission should address. In addition, this letter referred to the need to address procedural, technical, and administrative items, which are provided as follows:

Procedural:

- P1. Change Management:** During the timeframe between the Water Commission's approval of the Quantification Regulations and the close of application acceptance date, there should be a process to allow prospective applicants to ask questions and seek clarifications. Absent such a defined process, prospective applicants only have up to the date the Water Commission approves the Quantification Regulations to pose such questions. A formal change management process should be developed whereby questions and responses are posted on either the Department's GRanTS process website or on the Water Commission's website for timely access by all prospective applicants. Similarly, technical and administrative updates to the Technical Reference document could be posted along with a list of revisions and associated dates.
- P2. GRanTS Limitations:** Based on the current application requirements in terms of the level of detail being requested, the Department's Grants Review and Tracking System (GRanTS) may not be compatible. For example, the size of attachments cannot be greater than 50 megabytes and no more than 5 attachments per question. For the Authority to submit solely its publicly available draft environmental documentation, the technical appendices for Delta Modeling and River Modeling are each over 30 megabytes. It is unlikely the remainder of the environmental

document could be consolidated into 3 remaining attachments and each being less than 50 megabytes. The Authority recommends the application structure in GRanTS be developed in advance of approving the regulations to ensure this required system is technically feasible and will not limit an applicant's ability to submit their application. Or, adjust the application requirements to fit within the GRanTS specifications.

Technical:

T1. Definition of Current Conditions: The data and model products for the Without-Project condition for the "current condition" referenced in the Ecosystem Priorities Application Worksheet (dated August 2016). REV 2 - The Magnitude of ecosystem improvements requires quantification of the change from current conditions without the project to current conditions with the project, and REV 3 also requires a comparison to current condition. This also applies to the Water Quality Priority Application Table REV 1 – Magnitude that requires detailed comparisons to the current condition.

A consistent set of data and modeling products is needed to allow applicants to quantify these physical changes compared to a defined current condition. Requiring applicants to identify existing conditions based on the applicants CEQA document doesn't provide a consistent basis for model comparison. Development of detailed responses to the questions under the various ecosystem and water quality priorities listed in the worksheets, regarding the magnitude, spatial and temporal scale of improvements, can only be supported by information from model simulations conducted with CALSIM, DSM2, and associated groundwater and biological models.

T2. Climate Change Analysis (refer to TR §2.12.2.2): Applicants are required to explore the range of projections shown in Table 2-4 in disclosing the potential effect of climate change uncertainty on the public and non-public benefits of their proposed projects. Table 2-4 includes 20 different climate scenarios varying over a large magnitude of precipitation and temperature change. It is unclear if a quantitative or qualitative type of analysis is required. If a quantitative type of analysis is required, additional guidance and potentially updates to the required data and model products will be needed to ensure the prospective applicants conduct the analysis in accordance with the application requirements. If a qualitative analysis is sufficient to explore the range of projections, it should be clearly stated along with specific sub-topics that will be used to cross-compare applications during the evaluation

process (e.g. effects to carryover storage in rim reservoirs, location of X2).

T3. More-complete Modeling Products to Support Climate Change

Analysis: The CALSIM-II and DSM2 modeling products provided by the Water Commission in support of applicant's compliance with Draft Technical Reference Appendix A, Climate Change and Sea Level Rise Page A-11 are a good first step. However, additional information should also be provided to assist applicants in the analysis of project benefits using climate change and sea level conditions for projected years 2030 and 2070 - especially as it relates to the analysis of future water quality, water temperature, economics, and biological responses. To avoid further increasing applicant's costs and to ensure the analysis can be completed within an already tight schedule and results provided in a consistent manner to aid in evaluation of the applications received, updated subsidiary models should also be provided to facilitate the applicant's analysis associated with complying with the requirements associated with REVs listed in the Ecosystem Priorities Application Worksheet and Water Quality Priority Application Tables.

For example, models that simulate surface water temperature such as HEC-5Q and the Reclamation Temperature Models (RECTEMP) will need to be recalibrated to account for future increases in ambient air temperatures and increased tributary inflow temperatures. The SALMOD, PHABSIM, and In-river winter-run chinook salmon impact models will also need to be updated to incorporate future climate change. In addition, any statistical models that are based on existing data and regression analyses may need to be revised to incorporate climate change depending on the type of model and reliance on existing water quality and temperature data. The agricultural and urban economic tools may also require updates to account for future climate conditions.

T4. Preliminary Operations Plan Requirements & Evaluation Process:

The prior draft included many of the expectations in the Relative Environmental Values section and now they have been moved into Section 6003(a)(1)(H). While this consolidation helps to clarify the expectations for this sub-topic of the application, it does not clarify how the draft operations plan will be factored into the evaluation process vs. the scoring methodology. It appears the current scoring will have more influence on the selection process than qualitative measures such as having the flexibility to adapt a project's operations in response to future uncertainties. Further clarification is recommended.

T5. Potential Double-Counting of Salinity Benefits: The following two priorities, one applicable to Proposition 1-eligible ecosystem benefits and the other related to Proposition 1-eligible water quality benefits, are interrelated and can be accomplished simultaneously by the same operation. Consideration should be given to clarify how these respective benefits will be scored and, if double counting will be allowed, its effect on the selection process.

- The Department of Fish and Wildlife’s (DFW’s) priority is to “[i]ncrease Delta Outflow to provide low salinity habitat for Delta smelt, longfin smelt, and other estuarine fishes in the Delta, Suisun Bay, and Suisun Marsh” (emphasis added)(refer to TR §4.7.2.2 (1)(G)).
- The State Water Resources Control Board’s (SWRCB’s) Priority #5 is to “[i]mprove salinity conditions in water bodies on California’s CWA 303(d) list that are impaired for sodium, total dissolved solids, chloride, or specific conductance/electrical conductivity” (emphasis added)(refer to TR §4.8.2).

T6. Scoring Criteria for Ecosystem and Water Quality: Section 6008(e) includes a distinction that for projects providing both ecosystem and water quality benefits, a 70%-to-30% split will be applied to the scoring and for projects that do not provide any water quality benefits, 100% of the ecosystem benefits are counted in the total score. Based on our interpretation of this Section, a project that can provide both types of Proposition 1-eligible benefits could receive a lower total score than a project that only provides ecosystem benefits. Section 6008(e) attempts to establish an arbitrary ranking of these two eligible public benefits, which does not exist in Proposition 1. All projects should be evaluated based on one scale to then allow the Water Commission the discretion to determine, if needed, how best to balance ecosystem and water quality benefits; first in year 2030 and then in year 2070. At a minimum, Section 6008(e)(2) should be removed.

T7. Inconsistent Requirement for Emergency Response: Section 6001(29) defines Emergency Response as “water from dedicated emergency storage.” However, TR §4.11.2.1 states “There must be a commitment that defines the amount or share of available stored water to be provided. This does not mean the water supply must be dedicated or reserved in storage for emergency supply.” This inconsistency needs to be resolved. It is uncertain how to apply this potential benefit with this inconsistency.

T8. Ambiguity of Flood Control Benefit Analysis (TR §4.9.1): It is unclear if the supporting analysis of flood control benefits also needs to

be developed based on the same future with climate change as will be used to analyze the ecosystem and water quality benefits. Given the primary objective of WSIP is to support the state's co-equal policy goal, flood control benefits should be deemed to be a subordinate benefit and therefore the analysis used in the current environmental document should suffice. However, if these flood control benefits are required to be analyzed using the proposed climate change scenario, then it will further increase the Authority's cost to prepare its application.

T9. 6007(c)(1)(B)(2) Table 4, Water Quality REV #12: Consideration should be given to changing this item of the application evaluation process as a Priority instead of keeping it as a Relative Environmental Value Criterion.

Administrative:

A1. Executive Summary, 10-page limit: Given the list of topic areas that are required in Section 6003(a)(1)(A) to be addressed in this section of the application (i.e. facilities, operations, interactions with existing projects, physical and economic public benefits, non-public benefits, resiliency, water system improvements, flexibility, and other relevant information), consideration should be given to either increase the 10-page limit or create specific application topic areas, each having a page limit, and with the sum of all pages being greater than 10.

A2. Implementation Risk & Constructability: Section 6008(c)(1)(e) defines what is to be considered, which includes a project's technical feasibility, but it does not include constructability. Yet, the feasibility study is required to address a project's constructability (per TR §3.5). Constructability should be included in the evaluation of implementation risks and consideration should be given to adding this term into Section 6001(a) along with providing further guidance regarding what needs to be included to evaluate a project's constructability.

A3. Definition of Capital Costs: The definition of Section 6001(a)(14) should be consistent with the description provided for Total Planning Horizon Cost (TR §6.4), especially as it relates to the inclusion of interest cost incurred during construction.

A4. Definition of Cost-Effective(ness): Consider modifying the definition of 6001(a)(17) as follows: "Cost-effective(ness) means a demonstration that a proposed project's cost is the least-cost feasible means of providing the same or greater amount of benefit for the dollar invested."

These comments are provided with the goal of ensuring the application process, as defined in the Draft Regulations, can be implemented in a fair, meaningful, and cost-effective manner while maintaining the proposed schedule to allow the Water Commission to render its initial funding decision by December 2017. Further, we believe the eventual success of Proposition 1 will be determined more by the level of partnership created between the Water Commission, the public agencies responsible for administering the public benefits, and applicants of selected project; which is not a factor in the current application process.

Sincerely,



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General Manager

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Cc: Joseph Yun, Project Manager