

CAP Water User Roundtable: Collection of Fixed OM&R Equivalency Charge on System Conservation Projects with CAP Supplies

January 23, 2020



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Agenda Overview

1. Welcome and Introductions
2. Purpose and Goals of Roundtable
3. Background and Context
4. Overview of Identified Options
5. Round Table Discussion
6. Next Steps and Timeline
7. Call to the Audience

Purpose and Goals

- Outline issues, approaches and options regarding a policy for consideration by the CAWCD Board to address the collection of a Fixed OM&R equivalency charge for System Conservation Projects with CAP water
- Gather CAP customer and stakeholder input for consideration in the development of the policy proposal
- Staff are providing background, context and initial approaches and seek additional ideas and input through this roundtable

Nature of CAP Water Delivery

Contracts/subcontracts

- CAP contracts/subcontracts are for the delivery of CAP Project Water
- Customers exercise their contract through the annual water ordering process
- Water that is unordered is available to the next priority pool for delivery
- Customers are required to pay Fixed OM&R charges on all water scheduled for delivery
- CAWCD determines the Fixed OM&R charge by dividing the estimated Fixed OM&R costs by the estimated amount of Project Water to be delivered

Key Elements to Consider

1. System Conservation Projects require a reduction in an existing beneficial consumptive use and a persistent history of use.
2. To conserve CAP Project Water, the water must be ordered for use, and then the order amended to reflect the reduction in intended beneficial use
3. CAWCD must agree to forgo remarketing the conserved water to the water users in junior priority pools who pay the Fixed OM&R charge on the remarketed water
4. Forgoing remarketing the conserved water will result in an increase in Fixed OM&R charge on CAP rate payers, unless a Fixed OM&R equivalency fee is collected

Policy Question

Who should pay the Fixed OM&R equivalency fee for System Conservation Projects with CAP Project Water?

Three Approaches

- **Contractor/subcontractor pays**
 - fixed OM&R Equivalency Charge equal to the amount of the Fixed OM&R Charge that would have been paid for the water had it been delivered
 - avoids increased costs to all other CAP users
- **Funder pays**
 - fixed OM&R Equivalency Charge equal to the amount of the Fixed OM&R Charge that would have been paid for the water had it been delivered
 - avoids increased costs to all other CAP users
- **All CAP Users Contribute**
 - no Fixed OM&R equivalency charge will be assessed
 - CAP users will bear the incremental increased costs

Additional Considerations

- Staff recommend policy be coterminous with the LBDCP agreements, i.e. through 2026
- Should we consider volume limitations for System Conservation Projects at different operating conditions?
- Is there sensitivity to the range of impacts resulting from System Conservation Projects?

Next Steps and Timeline

- Collect input from this meeting
- February Board Meeting - Informational briefing on the Round Table Discussion
- February FAP Committee Meeting – Informational briefing on draft Policy Proposal
- March Board Meeting – Consideration for action on Policy Proposal