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Bob Harding



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

May 21, 2014

Mr. Michael Tollstrup
Chief
Project Assessment Branch
Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Dear Mr. Tollstrup:

Comments on the Draft First Update to California's Climate Change Scoping Plan

The Metropolitan Water District of Southern California (Metropolitan) is a regional water supply wholesaler supporting nearly 19 million people and a \$1 trillion-dollar economy. Metropolitan's primary mission is to provide high quality water supplies and secure regional water supply reliability for our member agency customers in an environmentally and economically responsible way.

To achieve these goals, Metropolitan's regional long-term Integrated Resources Plan (IRP) calls for developing a diversified portfolio of water resources that balances a mix of imported and local supplies including aggressive targets for conservation and water recycling.

Through two decades of implementing the IRP, Metropolitan and its member agencies have demonstrated statewide leadership in developing innovative conservation and recycling programs. Since 1990, Metropolitan has invested over \$333 million in conservation and \$331 million in local recycling projects, and our member agencies have invested millions more. In 2009, Metropolitan supported the comprehensive water package, which identified and authorized a range of actions needed to ensure statewide water supply reliability. SBX77 (Steinberg, 2009) was the water conservation component that statutorily requires a 20 percent of urban per capita use by 2020. Metropolitan is committed to achieving the regional 20 percent by 2020 goal for Southern California.

Metropolitan supports the Air Resources Board's (ARB) comprehensive approach to managing GHG emissions, and appreciates the overall goals of the Climate Change Scoping Plan (Scoping Plan). However, Metropolitan has major concerns regarding the proposals related to resource loading orders on page 63 of the Scoping Plan and requests that ARB delete the following language from the Scoping Plan:

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Establishing a conservation-first policy for water-sector investment and action would help sustain declining per-capita usage. This policy would be similar to the State's "loading order" policy for energy, which prioritizes investments in energy efficiency ahead of developing new power supplies.

And

Most importantly, the State and local water agencies will need to play a key role in these areas:

- *Prioritizing investment in conservation*
- *Adopting rate structures and pricing to maximize conservation*
- *Promoting less energy intensive water management . . .*

Metropolitan also recommends correcting the following passages on page 62, which perpetuate a critical misunderstanding over the amount of energy used by water utilities from a 2005 California Energy Commission Report – CEC-700-2005-011-SF (CEC Report).

The storage, conveyance, and treatment of water in California consume large amounts of electricity. Approximately 19 percent of the electricity and 30% of the non-power plant natural gas consumption is used by the water sector.

And

Greenhouse gas emissions from the water sector come primarily from the energy used to pump, convey, treat, and heat water.

The CEC Report accounted for urban and agricultural water supply and treatment, end uses such as heating and cooling, as well as wastewater treatment. In fact, most of the energy use analyzed in the report is attributable to various end uses of water, primarily house hold heating of water. Urban water supply and treatment account for only three percent of the electricity demand and only 0.14 percent of the natural gas demand. This suggests that a resource loading order based on energy intensity for water supply would have minimal impact in reducing water sector GHG emissions, with potential water supply reliability consequences for many water utilities.

Southern California's response to this year's severe drought and recent five percent allocation from the State Water Project demonstrate the value of diversified portfolios and the potential limitations with loading orders. This year Metropolitan may pull up to a million acre-feet from storage, is calling on transfers from the Colorado River and doubling its conservation budget. These actions are supported by the continued recycling and groundwater desalination production developed under our local resource programs. No single element, including conservation, would be able to meet Southern California's supply needs under the current drought conditions. Use of

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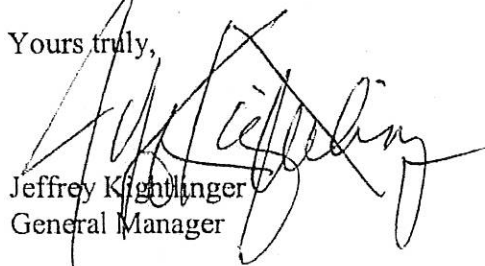
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a loading order would essentially eliminate some valuable water supply options from the portfolio, and severely constrain Metropolitan's ability to maintain a reliable water supply.

Diversified resource portfolios are the foundation of Metropolitan's water supply reliability planning. The proposed "loading order" concept for water resources is inconsistent with Metropolitan's 80 years of water resource planning experience. History has shown that conservation, investments in new supplies, storage, conveyance and other resources are all needed to achieve water supply reliability and climate change resiliency. Prioritizing conservation over other potential resources in a resource loading order is contrary to industry best practices; diverse "all of the above" portfolio planning. Although loading orders may be suitable for the electric sector, they are inappropriate for use in water sector planning and project implementation.

Thank you for the opportunity to comment on the Scoping Document. If you have any questions please contact Mr. Robert Harding of my staff at (213) 217-6582 or via email at bharding@mwdh2o.com.

Yours truly,



Jeffrey Knightlinger
General Manager

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cc: Dr. Tim Quin, Ph.D.
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