



August 25, 2020

Gloria Gray
Chair, Board of Directors
Metropolitan Water District of Southern California
700 North Alameda Street
Los Angeles, CA 90012-2944

RE: Planning for Reduced State Water Project Supply in Metropolitan's 2020 Integrated Resources Plan

Dear Chairwoman Gray and Members of the Board:

On behalf of the Natural Resources Defense Council, which has more than 3 million members and activists, more than 400,000 of whom are Californians, I am writing to provide input on the development of Metropolitan's Integrated Resources Plan ("IRP"). In particular, we strongly urge Metropolitan to ensure that the IRP anticipates and plans for a future with significantly less water imported from the Bay-Delta than today, and that the IRP uses this baseline to help the Board of Directors and Metropolitan's Member Agencies prioritize and plan for continued improvements in water use efficiency and significant additional investments in local and regional water supply projects, including through the Local Resources Program (LRP).

The IRP must plan for reductions in State Water Project deliveries from the Delta compared to today's levels, as a result of climate change and more protective environmental regulations. As the most recent drought demonstrated, climate change is already having a significant impact on water supply from the Bay-Delta and is likely to further reduce water supply from the Bay-Delta in the future, including as a result of changes in the amount, type and timing of precipitation; increased temperatures that increase evapotranspiration and decrease snowpack; and more frequent and more severe droughts. In addition, given the environmental crisis in the Bay-Delta estuary, various state and federal regulatory requirements are likely to result in State Water Project diversions from the Bay-Delta being significantly reduced from current levels in the near future, including the State Water Resources Control Board's adoption of the Bay-Delta Water Quality Control Plan, and increased protections for salmon, smelt and other endangered species (which are currently the subject of extensive litigation, including by NRDC). Taken together, reduced diversions from the Bay-Delta are necessary to prevent the extinction of native fish and wildlife, to protect thousands of fishing jobs, to reduce the frequency and severity of harmful algal blooms in the Delta, to maintain water quality for farms and cities, to respond to and mitigate the effects of climate change, and to comply with the Public Trust.

For instance, in July 2018 the State Water Resources Control Board issued its Framework for the Sacramento/Delta Update to the Bay-Delta Plan (“Framework”).¹ The Framework states that the State Water Resources Control Board’s staff report for the update of the Bay-Delta Water Quality Control Plan will propose a starting point of 55% of unimpaired flow for both Delta inflow and Delta outflow standards (within a range of 45-65%),² and the Framework estimates that this would reduce total diversions from the Bay-Delta watershed by 2 million acre feet per year.³ While the Framework does not specifically identify the potential reduction in water diversions by the State Water Project or any other diverter, reduced diversions by the State Water Project are the foreseeable result of this proceeding.⁴

It is worth noting that MWD’s 2015 Urban Water Management Plan (“UWMP”) assumed that State Water Project supply in 2020 would be reduced compared to both historic and current levels of water diversions. The UWMP assumed that beginning in 2020, SWP total exports would average 976,000 acre feet per year, equivalent to a 51% State Water Project Allocation.⁵ This was significantly lower than the State’s estimate of average State Water Project allocations in 2015, and it would be significantly lower than the State’s current estimate of the average State Water Project allocation. In 2015, Metropolitan refused to alter these planning assumptions despite NRDC’s public comments that the analysis used in the 2015 UWMP was a misleading attempt to justify the California WaterFix project.

There is simply no rational basis for the IRP to assume current or increased levels of water diversions and supply from the State Water Project, in either the near term or the longer term. In light of the range of possible outcomes in terms of how much Metropolitan’s water supply from the Delta is likely to be reduced, we encourage Metropolitan to evaluate a range of reductions in water supply from the State Water Project in the scenarios that are used to develop a final IRP.

Metropolitan can play a significant role in helping its Member Agencies sustain a growing economy in Southern California despite reductions in water imports from the Bay-Delta. Thanks in part to the leadership of Metropolitan’s Board of Directors and the actions of its Member Agencies over the past three decades, Southern California has significantly reduced per capita water use, reduced demand for imported water, reduced retail demand from Metropolitan, and diversified its sources of supply. As a result, in recent years Metropolitan has met retail demand for water with only a 35% allocation from the

¹ Available online at:

https://www.waterboards.ca.gov/waterrights/water_issues/programs/bay_delta/docs/sed/sac_delta_framework_070618%20.pdf.

² *See id.* at 2.

³ *See id.* at 13.

⁴ This is also true for any Voluntary Agreements, which proponents claim would increase Delta outflow and reduce diversions from the Bay-Delta, including by the State Water Project and its contractors. Voluntary Agreement would be subject to review and consideration by the State Water Resources Control Board as part of the update of the Bay-Delta Water Quality Control Plan, after compliance with CEQA and other legal obligations.

⁵ Metropolitan Water District of Southern California, 2015 Urban Water Management Plan, at A.3-28.

State Water Project.⁶ While a 35% State Water Project allocation is currently necessary in most years to meet retail demands within the Metropolitan service area, the current average State Water Project allocation is 62% according to the California Department of Water Resources.⁷

Yet even in light of the region's prior investments, Southern California's water agencies have demonstrated that there are huge opportunities to increase water use efficiency and increase water supply from sustainable local and regional projects, which can help offset the reduction in imported water from the Delta, as the Los Angeles Times editorial page recently opined ("For cities like Los Angeles, there's an emphasis on recycling as a backup to and a partial replacement for water currently imported from the north. That's as it should be.")⁸ For instance, NRDC's 2017 *Mismatched* report compared the UWMPs of Metropolitan and its Member Agencies, and found that Metropolitan significantly overestimated per capita demand, underestimated local supply, and overestimated purchases of imported water.⁹ Moreover, that analysis did not account for hundreds of thousands of acre feet of new water supply from potential local water supply projects that were still in development and were not included in the body of Metropolitan's UWMP. Many of those projects are now coming to fruition.

We also appreciate that Metropolitan has begun a process of comparing the UWMP's assumptions with actual supply and demand. Staff's initial reviews demonstrate that Metropolitan's 2015 IRP significantly overestimated total demand for water, per capita water use, local water supply, and retail M&I demand. Several recent academic studies have concluded that water agencies routinely overestimate urban demand for water, including a study coauthored by David Sunding¹⁰ and another

⁶ See, e.g., Metropolitan Water District of Southern California, Water Surplus and Drought Management Update, February 11, 2020, available online at: <http://www.mwdh2o.com/WhoWeAre/Board/Board-Meeting/Board%20Archives/2020/02%20-%20Feb/Reports/02102020%20WPS%206b%20Report.pdf>; Metropolitan Water District of Southern California, Water Surplus and Drought Management Update, March 11, 2019, available online at: <http://www.mwdh2o.com/WhoWeAre/Board/Board-Meeting/Board%20Archives/2019/03-March/Reports/064881267.pdf>; Metropolitan Water District of Southern California, Water Surplus and Drought Management Update, April 9, 2018, available online at: <http://www.mwdh2o.com/WhoWeAre/Board/Board-Meeting/Board%20Archives/2018/04-April/Reports/064865909.pdf>.

⁷ See California Department of Water Resources, The State Water Project Final Delivery Capability Report 2017, March 2018. We understand that the 2018 Addendum to the Coordinated Operations Agreement that DWR negotiated with the Trump Administration (which Metropolitan supported) caused the average State Water Project allocation to decline from 62% to 59% in the forthcoming State Water Project Final Delivery Capability Report 2019.

⁸ Los Angeles Times, Editorial: *Gavin Newsom's plan for California water is a good one. Stay the course.* July 31, 2020. Available online at: <https://www.latimes.com/opinion/story/2020-07-31/newsom-water-portfolio>.

⁹ This report is available online at: <https://www.nrdc.org/resources/comparison-2015-urban-water-management-plans-metropolitan-water-district-southern>

¹⁰ Buck, Steven, Maximillian Auffhammer, Hilary Soldati, and David Sunding 2020. *Forecasting Residential Water Consumption in California: Rethinking Model Selection*. Water Resources Research,

study by the Pacific Institute.¹¹ We encourage Metropolitan to apply the lessons learned from the 2015 UWMP, particularly by strengthening its partnerships and processes with its Member Agencies to develop local water supply projects to fruition, and to reduce its forecasts of demand for retail water to more accurately budget for and assess demand.

Finally, after years of claiming that Metropolitan endorsed an “all of the above” approach¹² and would pay for local water supply projects, water conservation, the California WaterFix project, and other water projects, at last year’s Board retreat staff indicated that water supplies may exceed demand and Metropolitan may seek to reduce incentives for local and regional water supply projects and/or increase fixed charges, which threaten efforts by Member Agencies to reduce their retail demand on Metropolitan.¹³ We are alarmed that Metropolitan would consider reducing funding for local water supply projects through the LRP, reduce funding for water use efficiency projects, and/or increase fixed charges to force Member Agencies to subsidize the costs of imported water that they do not use – particularly at the same time that Metropolitan is considering spending billions of dollars on unsustainable water projects outside of the region, like the Sites Reservoir project and Delta conveyance project, which do not create local jobs in Southern California and which threaten the environment.

Given the anticipated decline in State Water Project deliveries, we strongly urge Metropolitan not to reduce funding for LRP or create additional barriers to local water supply projects, such as increasing fixed charges. Rather, the IRP process should lead the Board of Directors to consider increasing the LRP target to account for reductions in State Water Project supplies and consider improved ways to facilitate the development of local water supply and water use efficiency projects.

NRDC strongly supports Southern California’s efforts to reduce reliance on the Delta by investing in sustainable local and regional water supply projects. Investments in local water efficiency, water recycling, stormwater capture, and other projects create good paying middle class jobs in Southern California, provide a more drought resistant water supply, improve the reliability of Southern California’s water supply (including providing far greater resilience to earthquakes and other natural

56, e2018WR023965. <https://doi.org/10.1029/2018WR023965>.

¹¹ Available online at: <https://pacinst.org/wp-content/uploads/2020/08/Pacific-Institute-Assessment-Urban-Water-Demand-Forecasts-in-CA-Aug-2020.pdf>

¹² See, e.g., Metropolitan Water District of Southern California, California WaterFix Fact Sheet, “Why a California Water ‘Fix’?”, available online at:

http://www.mwdh2o.com/DocSvcsPubs/DeltaConveyance/assets/cwf_fact_scb_6_25.pdf; Jeffrey Kightlinger, “California WaterFix: How a Big Project Looks Smaller,” September 18, 2017, available online at: <http://mwdh2o.com/newsroom/H2outlook?t=1029>;

¹³ See Metropolitan Water District of Southern California, Charting Metropolitan’s Second Century (Board Retreat 2019), October 2019, available online at:

<http://www.mwdh2o.com/WhoWeAre/Board/Board-Meeting/Board%20Archives/2019/10-Oct/Reports/10212019%20Board%20Retreat%20White%20Paper.pdf>; Metropolitan Water District of Southern California, Board Retreat: Charting Metropolitan’s Second Century, October 21, 2019, available online at: <http://www.mwdh2o.com/WhoWeAre/Board/Board-Meeting/Board%20Archives/2019/10-Oct/Presentations/October%202019%20MWD%20Retreat.pdf>.

*NRDC letter to Metropolitan regarding Integrated Resources Plan
August 25, 2020*

disasters than projects in the Delta), and are consistent with the demonstrated scientific need to reduce diversions from the Bay-Delta watershed. Planning for reduced State Water Project deliveries from the Bay-Delta in the IRP will help Metropolitan's Board of Directors chart a new course to sustain Southern California's economy for the next several decades.

Thank you for consideration of our views. We would be happy to answer any questions or discuss these issues with the Board of Directors at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Doug Obegi".

Doug Obegi