

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: May 16, 2007

To: The Commission
(Meeting of May 24, 2007)

From: Delaney Hunter, Director
Office of Governmental Affairs (OGA) — Sacramento

Subject: **AB 224 (Wolk) Water supply planning.**
As Amended: April 25, 2007

LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: SUPPORT

SUMMARY OF BILL:

This bill would require the State Water Resources Control Board (SWRCB) to prepare a report, in consultation with the California Public Utilities Commission (CPUC) and other relevant state agencies, quantifying the energy savings and greenhouse gas emissions reductions associated with alternative water supplies, like recycled water and water conservation.

SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:

The CPUC has been actively involved in the Water-Energy Partnership (WEP), a statewide association of public and private organizations involved in estimating the energy savings associated with water efficiency. Some data from WEP studies may be useful in this analysis. Also, one of the objectives of the CPUC's current energy efficiency proceeding, R. 06-04-010, is to quantify energy savings resulting from water conservation and efficiency. AB 224 would reinforce and complement these CPUC activities.

SUMMARY OF SUGGESTED AMENDMENTS (if any):

None.

DIVISION ANALYSIS (Division of Strategic Planning):

AB 224 would not have a significant financial, resources, or policy impact on the CPUC. DWR would have the responsibility to reflect the effects of climate change on all reports

or plans required by the Water Code, including but not limited to: a) biennial report on delivery capability of the State Water Projects; b) the DWR California Water Plan; c) reports related to the Delta; d) the State Plan of Flood Control; and e) Bulletin 118 and other DWR bulletins regarding the statewide status of groundwater supply. Also, DWR would not be able to approve an integrated regional water management plan from an urban or agricultural water supplier unless the application included information regarding climate change and water supply reflecting the reports in a) through e) immediately above.

The State Water Resources Control Board (SWRCB) would be required to consider possible climate change impacts in alternative scenarios of water quality control plans.

The CPUC's only explicitly-required involvement would be to provide consultation to the SWRCB, including any relevant information, which would facilitate the calculation of energy savings and the climate change impact from increasing the use of recycled water (and other alternative water supplies) to offset current uses of potable water for nonpotable uses.

AB 224 may be an effective means for promulgating estimates of the climate change impact of the complete water cycle, which includes collecting, extracting, conveying, treating, distributing, recycling, and using water in California, as well as wastewater collection and treatment. The information thereby obtained could be useful in ensuring that state water planning incorporates the impact of climate change on providing and using water in California. This information may also be useful for altering state water plans so as to reduce the greenhouse gases which may contribute to climate change.

There is significant scientific evidence which indicates that climate change may indeed negatively impact California's water supply in the coming decades. AB 224 would apparently be the first state or federal law designed to quantify the impact of climate change on water supply. AB 224 is consistent with the CPUC's stated policy regarding greenhouse gas (GHG) emissions. The CPUC Water Action Plan states that "...we will identify actions that our water utilities can take to reduce GHG emissions." (CPUC WAP, p.11:

http://www.cpuc.ca.gov/static/hottopics/3water/water_action_plan_final_12_27_05.pdf)

One of the objectives of the CPUC's current Energy Efficiency proceeding, R. 06-04-010, is to quantify energy savings from water conservation and efficiency. The CPUC may authorize up to \$10 million for pilot programs by water and energy utilities towards this objective.

PROGRAM BACKGROUND:

None.

LEGISLATIVE HISTORY:

The California Global Warming Solutions Act of 2006 seeks to reduce greenhouse gas emissions in California. AB 224 will support this broad objective by identifying alternative sources of water supply which are less energy intensive, and consequently may reduce greenhouse gas emissions.

FISCAL IMPACT:

The CPUC estimates that the fiscal impact of providing information to the Water Board will most likely be minor and absorbable (based on the assumption that most of the heavy lifting for the study will be done by the Water Board). The CPUC's informational role in AB 224 should dovetail nicely with the CPUC's current energy efficiency proceeding, R. 06-04-010, which has as one of its objectives the quantification of energy savings resulting from water conservation and efficiency. In order to aid this objective, the Governor's proposed 2007-08 State Budget allocates \$100,000 from the PUC Utilities Reimbursement Account for consultant fees to address a methodological issue associated with how to measure and evaluate the energy use associated with water use. The results of the CPUC's efforts in this area should be helpful to the Water Boards efforts, as well.

STATUS:

This bill is currently on the Assembly Appropriations Committee's suspense file due to estimated costs in excess of \$1 million.

SUPPORT/OPPOSITION:

Support: East Bay Municipal Utility District; Inland Empire Utilities Agency; Marin Municipal Water District; Natural Resources Defense Council (sponsor); Nature Conservancy; Planning and Conservation League (sponsor); Sierra Club California; Sonoma County Water Agency (sponsor); and Water Reuse Association, California Section.

Oppose: Unknown.

STAFF CONTACTS:

Pamela Loomis
Deputy Director-Office of Governmental Affairs

pcl@cpuc.ca.gov
(916) 327-8441

Ted Howard, Analyst
Division of Strategic Planning

trh@cpuc.ca.gov
(415) 703-1114

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BILL LANGUAGE:

BILL NUMBER: AB 224 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY APRIL 25, 2007
AMENDED IN ASSEMBLY APRIL 17, 2007
AMENDED IN ASSEMBLY MARCH 29, 2007

INTRODUCED BY Assembly Member Wolk

JANUARY 29, 2007

An act to add Part 1.6 (commencing with Section 10100) to Division 6 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 224, as amended, Wolk. Water supply planning.

Under existing law, various state and local agencies engage in water resource planning.

This bill would enact the Climate Change and Water Resource Protection Act of 2007. The bill would require the Department of Water Resources, as part of its statewide water resource management responsibilities, to include an analysis of the potential effects of climate change, to the extent applicable, in reports or plans that the department is required to prepare. The bill would prohibit the department from approving a request for a specified grant, submitted after January 1, 2009, unless certain requirements are met. The department would be required, by July 1, 2008, to identify available peer-reviewed information, or develop information, regarding climate change and water resources for the state and each of the state's hydrologic basins for specified uses. The bill would require an urban water supplier and an agricultural water supplier to take certain action relating to specified climate change information.

The bill would require the State Water Resources Control Board, in consultation with other state agencies, to prepare a report that quantifies the energy savings and greenhouse gas emission reductions associated with water supply development. The state board would be required to submit the report to the Governor and the Legislature, and to make it available to the public, on or before January 1, 2009. The bill would require the state board or a California regional water quality board to consider, as appropriate, a reasonable range of plausible hydrological, temperature, and sea-level rise scenarios resulting from climate change for the purpose of preparing a state or regional water quality control plan, as applicable.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature hereby finds and declares all of the following:

(a) The Department of Water Resources issued a 2006 report on climate change and California's water resources, concluding that climate change is likely to have significant effects on the state's water supply projects and the Sacramento-San Joaquin Delta.

(b) The State Energy Resources Conservation and Development Commission's Integrated Energy Policy Report (CEC-IEPR) produced in 2005 estimates that water-related energy use consumes 19 percent of the state's electricity, 30 percent of its natural gas, and 88 billion gallons of diesel fuel every year.

(c) The CEC-IEPR also found that water supply and conveyance have both the highest energy magnitude and the greatest variability in energy intensity in the water use cycle.

(d) The California Global Warming Solutions Act of 2006 requires the adoption of a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. Existing law requires all state agencies to consider and implement strategies to reduce their greenhouse gas emissions.

(e) The CEC-IEPR concluded that, in many areas of the state, recycled water is the least energy-intensive source of new water supply. Increased use of recycled water statewide will reduce California's energy consumption and help meet the state's goal of reducing greenhouse gas emissions, as required by the California Global Warming Solutions Act of 2006.

(f) Increasing water conservation statewide will also reduce California's energy consumption and help meet the state's goal of reducing greenhouse gas emission, as required by the California Global Warming Solutions Act of 2006.

(g) California should improve its overall planning process to ensure a safe, clean, and reliable water supply by more fully considering the impacts of climate change and by identifying water supply options that will help the state meet the requirements of the California Global Warming Solutions Act of 2006.

SEC. 2. Part 1.6 (commencing with Section 10100) is added to Division 6 of the Water Code, to read:

PART 1.6. Climate Change and Water Resources

10100. This part shall be known and may be cited as the Climate Change and Water Resource Protection Act of 2007.

10101. (a) The department, as part of its statewide water resource management responsibilities, shall include an analysis of the potential effects of climate change, to the extent applicable, in all reports or plans that the department is required to prepare. These reports or plans include all of the following:

(1) The biennial report on the overall delivery capability of the State Water Project and the allocation of that capacity to each contractor.

(2) The California Water Plan prepared pursuant to Part 1.5 (commencing with Section 10004).

(3) Reports related to the Sacramento-San Joaquin Delta.

(4) State Plan of Flood Control.

(5) Bulletin 118 and other bulletins issued by the department concerning the statewide status of groundwater resources.

(b) On or before July 1, 2008, the department shall identify available peer-reviewed information, including information produced

in response to Executive Order S-3-05, or develop information, regarding climate change and water resources for the state and each of the state's hydrologic basins for use by state and local agencies in preparing plans described in Sections 10103 and 10104. To the maximum extent practicable, the department shall make the information available on its Internet Web site or through other readily available means. In conjunction with the preparation of the California Water Plan, the department shall work with the California Environmental Protection Agency and the scientific community to periodically update the climate change information, as appropriate.

(c) The department shall not approve any request for a grant pursuant to Section 75026 of the Public Resources Code, submitted after January 1, 2009, unless the integrated regional water management plan that is the basis of the grant application includes consideration of the information regarding climate change made available in accordance with subdivision (b) or Section 10103 or *other relevant information if the supplier deems that information reasonably reliable*. If this information is not available, or does not apply to a particular integrated regional water management planning area, the grant applicant is not subject to the requirements of this section.

10102. (a) In order to assist local and state agencies in implementing the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code), the State Water Resources Control Board, in consultation with the department, the State Air Resources Board, the Energy Resources Conservation and Development Commission, and the Public Utilities Commission, shall prepare a report that quantifies the energy savings and greenhouse gas emission reductions associated with water supply development, including, but not limited to, increasing the use of recycled water to offset the use of potable water for nonpotable uses in the state and expanding reliance on water conservation.

(b) In making the quantifications required by subdivision (a), the board shall use the best scientific information available and consult with all interested local agencies.

(c) The report shall quantify statewide energy savings and greenhouse gas emission reductions by utilizing various scenarios that assume the state will exceed its current use of recycled water and will meet or exceed the state's goal for water recycling established by Section 13577. The study shall consider energy savings and greenhouse gas emission reductions in each region identified in Section 13200 from all possible nonpotable uses of recycled water referenced in Chapter 3 (commencing with Section 60301) of Division 4 of Title 22 of the California Code of Regulations, including agricultural, industrial, environmental, groundwater recharge, commercial, and urban irrigation uses.

(d) In making the quantification related to water conservation, the report shall quantify statewide energy savings and greenhouse gas emission reductions assuming the maximum potential water use efficiency identified in the department's Bulletin 160-05.

(e) The board shall submit the report required by subdivision (a) to the Governor and the Legislature, and make the report available to the public, on or before January 1, 2009. The report shall include specific policy recommendations and administrative actions that will assist the state in meeting the requirements of Section 38560.5 of the Health and Safety Code to identify and implement specific

greenhouse gas emission reduction measures.

10103. For the purpose of preparing or revising a state water quality control plan or a regional water quality control plan, the State Water Resources Control Board or the regional water quality control board shall consider, as appropriate, a reasonable range of plausible hydrological, temperature, and sea-level rise scenarios resulting from climate change.

10104. (a) On and after January 1, 2009, an urban water supplier that is required to prepare a plan pursuant to Part 2.6 (commencing with Section 10610), or an agricultural water supplier that is required to prepare a plan pursuant to Part 2.8 (commencing with Section 10800), shall do both of the following:

(1) Request or otherwise obtain from the department the information regarding climate change and water supply made available pursuant to subdivision (d) of Section 10101.

(2) Identify, to the extent practicable, the possible effects of climate change on its water supply projections based on the information made available pursuant to subdivision ~~(d)~~

(b) of Section 10101 or other relevant information if the supplier deems that information reasonably reliable.

(b) An urban water supplier shall consider the information regarding climate change and water supply made available pursuant to subdivision (b) of Section 10101 *or other information if the supplier deems that information reasonably reliable* in describing the reliability of its water supply pursuant to subdivision (c) of Section 10631 and the reliability of water service to its customers pursuant to Section 10635.

(c) An agricultural water supplier shall consider the information regarding climate change and water supply made available pursuant to subdivision (b) of Section 10101 *or other relevant information if the supplier deems that information reasonably reliable* in describing the quantity and source of water delivered to, and by, the supplier.

(d) If the information described in subdivision (d) of Section 10101 is not available or does not apply to a supplier described in subdivision (a), the supplier is not subject to the requirements of this section.