

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION
MAY 15, 2012**

ITEM 5

SUBJECT

A PRESENTATION BY NRDC ON IMPLEMENTING WIDESPREAD VOLUMETRIC WASTEWATER PRICING IN CALIFORNIA.

DISCUSSION

The Natural Resources Defense Council provided the attached fact sheet as background for this informational item.

FISCAL IMPACT

N/A

REGIONAL BOARD IMPACT

N/A

STAFF RECOMMENDATION

N/A

IMPLEMENTING WIDESPREAD VOLUMETRIC WASTEWATER PRICING IN CALIFORNIA

DISCUSSION

Volumetric wastewater pricing is the simple concept of billing a customer for wastewater service by using the volume of water discharged to the sanitary sewer based on the water meter reading—water the individual customer actually uses as opposed to a flat charge. The less water a customer uses, the less his or her sewer bill will be. Thus, volumetric pricing provides an important message that consumers have the ability to reduce their wastewater bills by reducing their water demand, whereas flat pricing structures provide no such opportunity.

Currently, about 70 percent of California households that are connected to sanitary sewers pay flat, non-volumetric rates for sewer service. A recent study commissioned by NRDC found that converting residential customers to volumetric wastewater pricing can save California approximately 141,000 acre feet per year (AFY) in the short term (1 to 4 years from implementation), and over 283,000 AFY in the long term (10 to 20 years from implementation). In terms of gallons per capita per day (GPCD), this translates to 4 GPCD in the short term and 7 GPCD in the long term. Thus, the timely adoption of this one simple measure would contribute 10 percent of the 38 GPCD water savings needed by 2020 for the state to achieve the statutory 20% savings goal established by the Water Conservation Act of 2009, counting the short-run savings alone.

The NRDC presentation will discuss a proposal that California wastewater agencies (with some exceptions) be required to convert to volumetric wastewater billing by January 1, 2017, or by 2018 upon a showing of need for additional time. This timeframe will give the agencies plenty of time to work through potential challenges, such as obtaining water meter data, but will also give the state plenty of time to realize the results of volumetric billing by 2020. We propose that this goal be achieved through the adoption of a policy resolution that would lay out various pathways for ensuring that most wastewater agencies that have not already done so will convert to volumetric pricing in a timely fashion, including:

- New loan conditions in the Policy for Implementing the Clean Water State Revolving Fund For Construction of Wastewater Treatment Facilities;
- New standard terms for inclusion in new, renewed, or amended NPDES permits for publicly-owned treatment works; and
- New provisions in the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (Order No. 2006-0003-DWQ).

The policy should also give expression to the intent of the Board that water suppliers shall cooperate with wastewater agencies to provide timely access to the water meter consumption data for customers that they have in common. This cooperation has long been called for under the California Urban Water Conservation Council's Memorandum of Understanding Regarding Urban Water Conservation (BMP 1.4).

POLICY ISSUE

In addition to incentivizing water conservation and offering a more equitable pricing structure, volumetric wastewater pricing has many other benefits. Increased water efficiency can reduce the future infrastructure requirements for sewer service, allowing utilities to maintain

the capacity of their collection and treatment works even as population grows and helping to reduce sanitary sewer overflows due to inadequate capacity. Other benefits include the costs avoided by the water supply utility, avoided environmental degradation from water not supplied, wastewater system energy costs avoided due to more efficient water use, and avoided stormwater management costs.

As one of the agencies responsible for implementing the Water Conservation Act, the State Board has the responsibility and the authority to implement programs that result in water use efficiency. For instance, the Board is tasked with identifying new legislation and regulations, and defining regional strategies for meeting regional targets. Second, volumetric wastewater pricing fits within the State Board's Strategic Plan, which guides the Board's critical strategic priorities. One of the Board's current strategic priorities is to "focus on sustainability and sustainable system development" including with "traditional water infrastructure such as wastewater collection and treatment systems." Third, the Board has been increasingly concerned with the water-energy nexus and climate change. Volumetric pricing fits within all these priorities. It would help the Board meet its responsibilities under the Water Conservation Act. It is an innovative way to maintain or preserve adequate capacity at wastewater treatment plants without having to invest in costly physical plant expansion. And in helping to conserve water, it reduces the demand for energy-intensive imported water and energy-intensive wastewater treatment.