

Consideration of a Resolution to adopt the proposed Regulation to *Make Conservation a Way of Life*

Item 5



Office of Research, Planning, and Performance

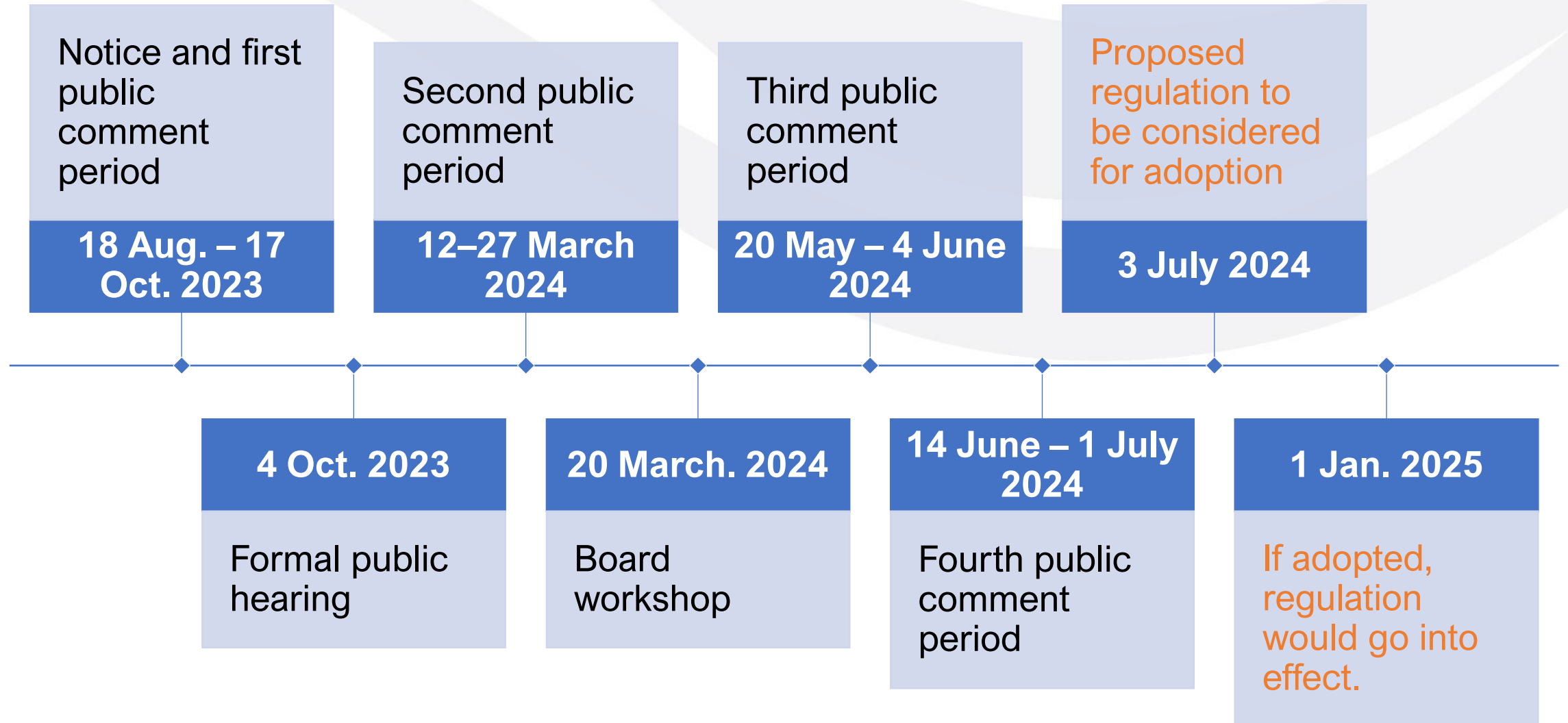
Making Conservation a Way of Life



- AB 1668 & SB 606 passed in 2018
- Urban Retail Water Suppliers to:

- Calculate and comply with objectives
 - Carry out commercial, institutional, and industrial performance measures
 - Report annually
-
- Department of Water Resources made recommendations in Fall 2022
 - State Water Board started the rulemaking process in 2023

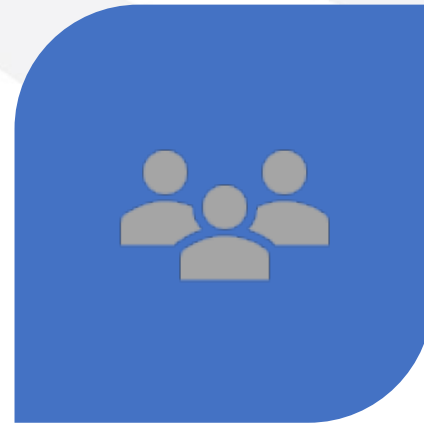
Where we are in the formal rulemaking process



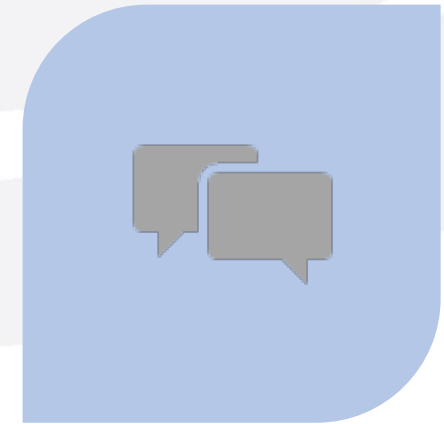
Summary of Public Engagement Opportunities



4 PUBLIC MEETINGS



28 WORKING GROUP
SESSIONS



20+ STAKEHOLDER
DISCUSSIONS

Urban Water Use Objective

A supplier would add up water *budgets* for:

- 1) **Indoor residential use** – Set in Water Code section 10609.4.
- 2) **Water loss** – set by existing Board regulation (Cal. Code Regs., tit. 23, §§ 980-86).
- 3) **Outdoor residential use** – set through this proposed rulemaking.
- 4) **Outdoor institutional and commercial use** – set through this proposed rulemaking.
- 5) **Variances/Temporary Provisions** (*if applicable*, water needed for community-specific unique uses, e.g., significant livestock or use of swamp coolers; set through this proposed rulemaking).
- 6) **Recycled water bonus** (*if applicable*, a bonus incentive for utilizing *potable* recycled water)

The sum of these budgets creates the overall water ***objective***, which can be met any way the supplier chooses.

Other components

- CII performance measures
 - Establishes CII classification system and requirements
 - Establishes the requirements for installing dedicated irrigation meters or employing in-lieu technologies on qualifying landscapes
 - Establishes the requirements for offering best management practices to qualifying CII water users
- Reporting requirements



Who's subject to the proposed regulation?

California's 400+ largest suppliers — not small systems

These urban retail water suppliers provide water to 95% of CA & range in size and expertise

Households and businesses would not be regulated by the Board

Changes made to the proposed regulation

Comparing previous drafts to the **May** and **June** drafts

- 1. “No backsliding” provision put in place in all years.**
Accommodates suppliers in a regional alliance.
- 2. Added a variance for existing trees.**
- 3. Provided larger budget for new, climate-ready trees.**
- 4. Minor, technical fixes made to improve clarity, consistency, ease of implementation, and to streamline reporting.**

“No Backsliding” Provision

Long-term standards to exceed SBX7-7 targets – §966 (h)

Previous drafts of proposed regulation	Third draft (May)	Fourth draft (June)
<ul style="list-style-type: none"> • <i>First draft:</i> If “exceeding,” a supplier's objective would be equal to its SBX7-7 target, less “excluded demands.” • <i>Second draft:</i> Assessment would begin in 2040 and be based on a supplier's individual SBX7-7 target 	<ul style="list-style-type: none"> • Removed “Beginning in 2040” clause • Added paragraph (h)(4): Until June 30, 2040, this subdivision does not apply to any supplier that is achieving its 10608.20 target on a regional basis, but has not achieved its individual target. 	<ul style="list-style-type: none"> • No additional changes

The long-term standards shall be set at a level designed so that the water use objectives, together with other demands excluded from the long-term standards... would exceed the statewide conservation targets....

- Water Code Section 10609.2(d)

Variance for irrigating existing trees

Adding §968(f)(2)(G), §968(g)(7), §969(e)(2)(D), and §969(f)(4)

Previous drafts of proposed regulation	Third draft (May)	Fourth draft (June)
<ul style="list-style-type: none">No variance for irrigating existing trees	<ul style="list-style-type: none">Added variances for irrigating existing residential trees and trees on CII landscapes with Dedicated Irrigation MetersSuppliers with an approved variance would calculate the budget by applying a Landscape Efficiency Factor of 0.63 to the square footage of existing tree canopy	<ul style="list-style-type: none">Specified square footage of existing tree = square footage of existing tree canopy coverageMade changes to address concerns raised about the required inventory (e.g., it may be completed by a certified arborist)Made changes to clarify what feasible actions a supplier could take to meet its water use objective

Provision for new, climate-ready trees

Changes to §968(i)(1) and new paragraph §968(i)(1)(C)

Previous drafts of proposed regulation	Third draft (May)	Fourth draft (June)
<ul style="list-style-type: none">• Provision for the planting of new, climate-ready trees has always been included proposed regulation.	<ul style="list-style-type: none">• Increased the square footage associated with each newly planted climate-ready tree (from 1 to 4 sq. ft.)• Added a climate zone multiplier (same as used for the variance for controlling dust on horse corrals or other animals exercise arenas)	<ul style="list-style-type: none">• No additional changes

Reviewing Some Previous Changes

Comparing the August draft to current proposal

- 1. Made alternative compliance pathways more accessible for certain suppliers facing large reductions.**
- 2. Extended the ramp-down of the outdoor standards.**
- 3. Until landscape area data is updated, suppliers unable to meet their overall objectives are allowed to include 20% of “irrigable not irrigated” area.**

Plus other changes to simplify and streamline performance measures and reporting.

Alternative compliance pathways

	Eligibility thresholds		Required effort	Result for eligible supplier
	Income of pop. served	Percent reduction		
Current Proposed draft	< MHI	≥ 20%	<ul style="list-style-type: none"> Reduce water use by ≥ 1% per year. Create plan to achieve its urban water use objective. 	Supplier deemed in compliance with the objective
	Any	≥ 30%	<ul style="list-style-type: none"> Reduce water use by ≥ 2% per year Verify adherence to G480 standard. Create plan to achieve its urban water use objective. 	Supplier deemed in compliance with the objective
First Draft	< 80% of MHI	≥ 20%	<ul style="list-style-type: none"> Reduce water use by ≥ 2% per year. 	Use of 0.63 for outdoor standards through 2040
	Any	≥ 20%	<ul style="list-style-type: none"> Reduce water use by ≥ 2% per year. Verify adherence to G480& Tree City USA standards. Have a program dedicated to climate-ready landscapes. 	

Outdoor standards:

Landscape efficiency factors,
which change over time

The LEF is a factor used to calculate the aggregate amount of water a supplier may need to deliver to customers so that they can maintain healthy and efficient landscapes across the supplier's service area.

Water use standard for outdoor use is a **Landscape Efficiency Factor**



Native plant garden on drip and micro spray irrigation with majority low and very low water using plants and a few medium water using plants



0.55

A majority of yard is low water using plants irrigated with drip
+ warm season grass with overhead sprays

**This is the proposed 2040 standard
for residential outdoor use**



Warm season grass inefficiently irrigated (e.g., not properly tuned, running too long) with lawn sprinklers

Outdoor standards

Landscape efficiency factors over time – §968(a) & §969(a)

Landscape Efficiency Factor (LEF)		DWR Recommendation	First Draft of Regulation (August)	Current Proposed draft
Residential	CII w/ DIMs			
0.80	0.80	From adoption until 2030	From adoption until 2030	From adoption until 2035
0.63	0.63	Starting in 2030	2030 - 2035	2035 - 2040
0.55	0.45	N/A	Starting in 2035	Starting in 2040

Inclusion of irrigable, non-irrigated landscapes

Inclusion of 20% irrigable, non-irrigated landscape buffer – §968(b)

DWR Recommendation	First Draft of Regulation (August)	Current proposed draft
Always include for everyone	Include until 2027, for suppliers not meeting their objective	Include, until residential landscape data is updated, for suppliers not meeting their objective

Estimated Upper-Bound Reductions* based on the 2040 standards

Degree of reduction (relative to the subset of uses comprising the objective)	Number of Suppliers	Percent of Suppliers	Population Served	Percent of Covered Population
No Reduction required	124	31%	12,459,736	34%
Less Than 5% Reduction	33	8%	3,945,479	11%
5-10% Reduction	50	13%	8,491,293	23%
10-20% Reduction	83	21%	6,679,903	18%
20-30% Reduction	60	15%	3,419,538	9%
Greater Than 30% Reduction	46	12%	1,733,569	5%
Total	396	100%	36,729,518	100%

* Based on 2017- 2021 average use. For some suppliers, impacts will be smaller because of corrected data, the budgets associated with variances and special landscape areas, alternative compliance, and long-term trends.

Economic framework

In absence of proposed regulation

- Suppliers produce or buy water to sell to customers.
- Customers pay for water service.

If proposed regulation is adopted

- Affected suppliers spend money to increase efficiency efforts and therefore don't have to produce or buy as much water to sell to customers.
- Customers may access their supplier's efficiency programs (and may make further investments) and therefore, in aggregate, use less water.

Estimated economic impacts

Sector	Estimated 2025-2050 Impacts		
	Benefit (\$ million)	Cost (\$ million)	Net Benefit (\$ million)
Residential	3,898	2,554	1,344
CII	2,280	1,207	1,073
Wastewater*	-	945	-945
Urban Forestry*	-	19	-19
Total	6,178	4,725	1,453

**Potential benefits could not be quantified.*

Estimated costs breakdown

Cost Impact Description	Estimated 2025-2050 Cost	
	(\$ million)	(%)
Residential water use efficiency measures	1,436	30%
Commercial, institutional, and industrial performance	1,207	26%
Lost revenues (assuming no rate changes)	1,019	22%
Wastewater infrastructure improvement	723	15%
Wastewater operations and maintenance	190	4%
Other*	150	3%
Total	4,725	100%

**Includes program creation and reporting; ratemaking; urban tree inventory and forestry management plans; public education and outreach.*

Open Data Portal

<https://data.ca.gov/dataset/urban-water-use-objectives-conservation>

- Relevant data for calculating urban water use objectives.

To date:

- PWSID-DWR ID Crosswalk
 - Residential landscape area
 - Real water loss standards
 - Residential Population
-
- Available as CSV and through a web-based connection interface
-
- Can be used to inform relevant fields in reporting form

The screenshot displays the California Open Data Portal interface. At the top, the header includes the CA.GOV logo and 'CALIFORNIA OPEN DATA PORTAL' with navigation links for DATASETS, ORGANIZATIONS, and TOPICS. The breadcrumb trail shows the path: Home / Organizations / California State Water... / Urban Water Use Objectives – Relevant Data. Below the breadcrumb, there are icons for Dataset, Topics, Showcases, and Activity Stream. The main content area features a sidebar for the dataset 'Urban Water Use Objectives – Relevant Data' with 1 follower and an organization card for the California State Water Resources Control Board. The main content area displays the dataset title and a description: 'The Making Conservation a California Way of Life regulation requires suppliers to annually calculate indoor water use, residential outdoor water use, real water loss and commercial, industrial and ins statewide efficiency standard and local service area characteristics such as population, climate, ar uses, or a bonus incentive for potable recycled water use.' Below this, a 'Data and Resources' section lists four CSV datasets: 'PWSID-DWRID Crosswalk', 'DWR - Landscape Area Measurement Final', 'Real Water Loss Standards for Systems of Urban...', and 'Residential Population from SDWIS'.

Next Steps

Consideration of Adoption

July 3, 2024

Submit to Office of Administrative
Law

If adopted, August 2024

Add relevant datasets to Open Data

By October 1, 2024

Rule becomes effective

If adopted, January 1, 2025

Draft Resolution – key directives

In implementing the regulation, staff shall:

- Consider affordability and equity
- Coordinate with other State agencies and other State Water Board programs
- Continue work to streamline data reporting
- Use a fair, consistent, progressive, and transparent approach to enforcement
- Provide periodic status updates