



# Frequently Asked Questions

## Making Conservation a California Way of Life Regulation

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### Common Abbreviations Key

- **AMI**: advanced metering infrastructure
- **BMP**: best management practice
- **CII**: commercial, industrial, and institutional
- **DIM**: dedicated irrigation meter
- **GPCD**: gallons per capita per day
- **LAM**: landscape area measurement
- **LEF**: landscape efficiency factor
- **MUM**: mixed-use meter
- **SLA**: special landscape area
- All instances of “**supplier**” are abbreviations for urban retail water supplier

### General Overview

1. What is the Making Conservation a California Way of Life regulation?
  - The regulation, which can be found at [California Code of Regulations, title 23, section 965 et seq.](#), is a new framework for managing urban water use in California. It requires urban retail water suppliers (suppliers) to annually calculate and comply with an urban water use **objective**; carry out commercial, industrial, and institutional (CII) **performance measures**; and provide progress **reports**.
    - The **objective** is a supplier-specific volume of water. It is calculated annually using water efficiency standards and unique parameters that reflect the previous year’s conditions, such as the number of people in a supplier’s service area.
    - CII **performance measures** are actions taken by urban retail water suppliers that are designed to result in CII water users using water more efficiently.
    - In their **annual reports**, suppliers provide information about their water use objective, actual water use, and implementation of CII performance measures.
  - The regulation is expected to reduce inefficient water use in the urban sector, helping California adapt to climate change consistent with the goals of the [Water Supply Strategy](#) (WSS). The WSS outlines a strategy and priority actions to adapt and protect water supplies from the effects of rising temperatures and drier conditions due to climate change.

2. Where can I find the Making Conservation a California Way of Life regulatory text and other statutes, regulations, and ordinances referenced in this document?
  - Many responses with referenced documents or legislation have embedded links, as below.
  - The citation for the Making California Way of Life regulation is: [California Code of Regulations, title 23, section 965 et seq.](#)
  - The citation for the Model Water Efficient Landscape Ordinance is: [California Code of Regulations, title 23, section 491 et seq.](#)
  - Referenced Water Code sections:
    - [CA Water Code §10608.12](#)
    - [CA Water Code §10609.2](#)
    - [CA Water Code §10609.4](#)
    - [CA Water Code §10609.20](#)
    - [CA Water Code §10609.24](#)
3. When does the regulation take effect?
  - January 1, 2025.
4. What is an urban retail water supplier?
  - An urban retail water supplier is a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes (Wat. Code, §10608.12). Suppliers provide water to about 95% of Californians. Urban retail water suppliers, **not individual households or businesses**, are subject to the regulation.
5. If a smaller local water system meets the criteria to be an urban retail water supplier after January 1, 2025, what is it obligated to do and when?
  - Water systems that meet the criteria for being an urban retail water supplier after the regulation takes effect have:
    - Five years after meeting the criteria to start calculating and complying with their urban water use objective (Cal. Code Regs., tit. 23, §966, subd. (f)) and to classify their CII water users (Cal. Code Regs., tit. 23, §972, subd. (d)); and
    - Fifteen years to carry out the performance measures identified in California Code of Regulations, title 23, sections 973 and 974. This includes actions such as identifying water users associated with large landscapes and offering best management practices to identified CII water users.

6. What is an urban retail water supplier obligated to do and by when if it incorporates another system (consolidation)?

- The supplier can exclude the newly incorporated system for five years from its urban water use objective calculations (Cal. Code Regs., tit. 23, §966, subd. (f)). The supplier also has five years to classify the system's CII water users (Cal. Code Regs., tit. 23, §972) and fifteen years to carry out the obligations in California Code of Regulations, title 23, sections 973 and 974.

### Objective

7. What is an urban water use objective?

- Water Code section 10609.20 defines the urban water use objective as the “estimated efficient water use for the previous year based on adopted water use efficiency standards and local service area characteristics for that year.” It is the sum of standard-based water use budgets for efficient residential indoor use, residential outdoor use, commercial, industrial, and institutional (CII) landscapes with dedicated irrigation meters (DIMs), and real water losses, the standards for each of which are expressed in the regulation. Each budget is the product of the applicable standard and the supplier's unique characteristics (e.g., population), and the objective is the sum of the budgets. Suppliers will be assessed for compliance with their overall objective, not each standards-based budget.
- As appropriate, a supplier may also include in its objective a bonus incentive for potable reuse water, variances for unique water uses that can have a material effect on its objective (e.g., significant population of horses and other livestock), and temporary provisions for specified beneficial uses that will require an additional amount of water that decreases over time (e.g., newly planted climate-ready trees).

8. What is an efficiency standard?

- Several different efficiency standards are used to calculate the standard-based budgets that comprise the urban water use objective:
  - The standard for efficient residential indoor water use is expressed in gallons per capita per day (GPCD).
  - The standards for efficient residential outdoor water use and efficient water use on CII landscapes with DIMs are expressed as landscape efficiency factors (LEF).

- The standard for real water loss can be expressed in gallons per connection per day or gallons per mile per day. A preexisting [water loss regulation](#) established [system-specific water loss standards](#) for systems owned and operated by urban retail water suppliers.
9. What units are used for the urban water use objective?
- The objective represents a volume of water, and the regulation requires that **gallons** be the units used. Each standard-based budget, the bonus incentive, every variance, and every provision are calculated according to equations that include quantities with different units, but the result of those equations are always expressed volumetrically, in gallons.
10. How does the regulation account for changes in an urban retail water supplier's service area?
- A supplier may account for changes within its service area in several different ways. For example, it may update the data used to calculate the residential indoor and outdoor budgets if that data changes over time. To ensure the indoor budget reflects the previous year's conditions, a supplier may [update residential population](#). To ensure the outdoor budget reflects the previous year's conditions, a supplier may periodically update its landscape area and may document and incorporate newly constructed landscapes.
11. What is alternative compliance?
- Two alternative compliance pathways for suppliers are included in the regulation. Generally speaking, a supplier will need to reduce water use by a certain percentage, create a plan to achieve its urban water use objective, and may also need to verify adherence to the AWWA G480-20 Water Conservation and Efficiency Program Operation and Management standard. Specific requirements for the alternative compliance pathways can be found in California Code of Regulations, title 23, section 966, subdivisions (i) and (j).

### Indoor Residential Water Use

12. What is the residential indoor water use standard?
- Senate Bill 1157 (Stats.2022, Ch.679) amending CA Water Code §10609.4, sets the residential indoor water use standard at 55 GPCD until January 1, 2025, when it lowers to 47 GPCD, and finally lowers to 42 GPCD beginning January 1, 2030.

13. What is GPCD and why is it used?
- GPCD stands for gallons per capita daily, or gallons per capita per day. GPCD is a standardized metric representing the average amount of water used per person per day. It is a commonly used way to describe water use, whether in a single house or across a large area.
14. How is the residential indoor budget calculated?
- The residential indoor water use budget is calculated by multiplying a supplier's residential service area population by the residential indoor standard and by the number of days in the year. See California Code of Regulations, title 23, section 967, subdivision (a)(1).
  - Many suppliers serve areas where daytime, week-day water use increases because of people commuting into their service area from other places. Much of the water used by this commuter workforce is considered an "excluded demand," as it is typically associated with commercial, institutional, or industrial (CII) water users. It is therefore not part of the residential indoor budget specifically or the urban water use objective more broadly. Such "indoor" CII water use would rather be subject to the CII performance measures.

### Outdoor Water Use

15. How are the outdoor budgets calculated?
- The outdoor budgets are calculated by multiplying the relevant outdoor standard by landscape area, net evapotranspiration, and a unit conversion factor of 0.62. The resulting budget is in gallons of water. Calculated outdoor budgets will vary based on local conditions. For example, hotter, drier areas will have higher net evapotranspiration values resulting in larger outdoor budgets. Dense urban areas might have less landscape area resulting in smaller outdoor budgets. See California Code of Regulations, title 23, section 968, subdivision (b)(1) and section 969 subdivision (b)(1).
16. What is a landscape efficiency factor?
- The landscape efficiency factor (LEF) is a unitless number used to indicate the amount of water a supplier may need to deliver to maintain healthy and efficient landscapes across the supplier's service area. The LEF represents plant factors and irrigation efficiency. A higher LEF value corresponds to higher water-using, less efficiently irrigated landscapes; a lower LEF value corresponds to lower water-using, more efficiently irrigated landscapes. Depending on the reporting year and the budget

being calculated, the LEF differs. For example, in 2030, the residential outdoor standard is a LEF of 0.80; in 2035, it declines to 0.63.

17. What is reference evapotranspiration?

- Reference evapotranspiration ( $ET_0$ ) is a “standard measurement of environmental parameters which affect the water use of plants [...] and is an estimate of the evapotranspiration of a large field of four- to seven-inch tall, cool-season grass that is well watered” (Cal. Code Regs., tit. 23, §491).

18. What is Net  $ET_0$  ?

- Net evapotranspiration is the difference between reference evapotranspiration and effective precipitation, in inches per year. Note that the regulation also uses the distinct term “Net  $ET_{0 \text{ crop}}$ ” which only applies to the variance for residential agricultural water use.

19. What is effective precipitation?

- For purposes of the regulation, “effective precipitation” is 25% of total annual precipitation, or a value generated from [Cal-SIMETAW](#) if that value is lower.

20. Why is effective precipitation an annual value instead of a seasonal value?

- The objective calculation and all related components of the regulation are calculated on an annual basis. Wet season duration can be variable from year-to-year, and between regions of the state. Limiting the analysis of effective precipitation to a subset of the year does not adequately capture the total annual amount of precipitation that may contribute to soil moisture.

21. What is a climate-ready tree?

- A climate-ready tree, which could be part of a climate-ready landscape, is a tree that can be reasonably expected to survive both present and future climatic challenges such as heat, drought, extreme weather events, and pests within the supplier’s service area.
- Some examples of characteristics that climate-ready trees generally possess include:
  - They do not need large amounts of water, especially in the summer, to stay healthy in adulthood.
  - They form deep roots.
  - They are not at risk of high mortality from known pests including pests that are spreading towards California, like the spotted lanternfly.
  - They do not spread pervasively and harm the overall ecosystem.



- Note the regulation does not require that a climate-ready tree be a native tree species.

### *Residential Outdoor Water Use*

22. What is the residential outdoor water use standard?
  - The residential outdoor water use standard is a LEF of 0.80 until June 30, 2035; it lowers to 0.63 on July 1, 2035, and then to 0.55 on July 1, 2040. See California Code of Regulations, title 23, section 968, subdivision (a).
23. What is included in residential landscape area?
  - The Department of Water Resources measured residential landscape area for suppliers by using aerial imagery, supplier-provided service area boundaries, and county tax assessor land use classifications. A county tax assessor and a supplier may use different categories for entitles such as, for example, homeowners associations (HOAs). A county tax assessor may classify an HOA parcel as residential while a supplier may classify the associated accounts as commercial. California Code of Regulations, title 23, section 968, subdivision (b)(5) provides a supplier with the option of excluding land area that it classifies as commercial, industrial, and institutional (CII) from residential landscape area provided by the Department of Water Resources. A supplier may also rely on alternative irrigable irrigated area data, if it demonstrates to the Department of Water Resources, in coordination with the State Water Board, that the data are equivalent, or superior, in quality and accuracy, to the data provided by the Department of Water Resources.
24. What are residential special landscape areas (RSLAs)?
  - RSLAs are residential pools, spas, and similar water features, residential areas dedicated solely to edible plants, and residential areas irrigated with recycled water. RSLAs are distinct from CII SLAs.
25. How will a supplier verify special landscape areas?
  - Suppliers have discretion in how they approach demonstrating certain landscape areas meet the definition of RSLAs. Approaches could include, for example, using landscape imagery, on the ground assessments, or recycled water permits. A supplier will need to demonstrate to the Department of Water Resources, in coordination with the State Water Board, that the landscape areas meet the definition of RSLAs.



26. How can a supplier's residential landscape area be updated if it changes?

- Updates to residential landscape area can be:
  - Provided by the Department of Water Resources;
  - Provided by the supplier, see California Code of Regulations, title 23, section 968, subdivision (b)(4);
  - Provided by another entity if the entity generates the data as part of a transparent statewide analysis covering all suppliers. See California Code of Regulations, title 23, section 968, subdivision (b)(3)(C).

### *Outdoor Water Use on Commercial, Industrial, and Institutional Landscapes with DIMs*

27. What is the standard for commercial, industrial, and institutional (CII) landscapes with DIMs?

- The standard for CII landscapes with dedicated irrigation meters (DIMs) is a LEF of 0.80 through June 30, 2035; it lowers to 0.63 through June 30, 2040, then to 0.45 on July 1, 2040. See California Code of Regulations, title 23, section 969, subdivision (a).

28. What are CII landscapes with DIMs?

- CII landscapes with DIMs are landscapes associated with commercial, institutional, or industrial water users and for which outdoor water use is metered with a dedicated irrigation meter.
- California Code of Regulations, title 23, section 965, subdivision (k) defines CII water users as those meeting any of the definitions in [Water Code section 10609.12](#) (f), (p), and (q). California Code of Regulations, title 23, Section 965(n) defines a DIM as a water meter that is operated and maintained by a supplier and that exclusively measures the water used for irrigation.

29. When is a supplier required to calculate a budget for CII landscapes with DIMs subject to Section 969?

- Through June 30, 2028, the budget for CII landscapes with DIMs shall be a supplier's actual deliveries to "landscape irrigation" connections. The January 1, 2030, report (reflecting water use between July 1, 2028, and June 30, 2029) will be the first report in which a supplier is required to calculate a budget for CII landscapes with DIMs using the standard in California Code of Regulations, title 23, section 969, subdivision (a).
- A supplier must quantify the total square footage of irrigated area of all CII landscapes with DIMs by no later than July 1, 2028. A supplier must update the aggregate area of CII landscapes with DIMs if, pursuant to California Code of Regulations, title 23, section 973, a supplier has newly

installed DIMs onto qualifying “large landscapes.” Otherwise, a supplier must provide periodic updates.

30. How can a supplier quantify the total square footage of CII landscapes with DIMs?

- A supplier has discretion in how it quantifies the total square footage of CII landscapes with DIMs. A supplier may use the data provided by the Department of Water Resources (i.e., the square footage of irrigated area associated with **all** CII landscapes) as a starting point for quantifying the square footage of just **CII landscapes with DIMs**. Within the next few years, the Department of Water Resources will have provided all suppliers with the estimated square footage of irrigated area associated with all CII landscapes — not just those associated with DIMs. As with the residential landscape area measurement (LAM), this area is being estimated using county tax assessor data and aerial imagery.

31. Must the State Water Board approve the area of CII landscapes with DIMs?

- Beginning with the annual report due January 1, 2030 (which will reflect the 2028-2029 FY), suppliers will need to report the total square footage of irrigated CII landscapes with DIMs; they will also have to describe and substantiate how that area was quantified according to section 969(b)(2). The State Water Board does not need to approve the area prior to the supplier submitting the report.
- In some cases, CII landscape area with DIMs may not reflect newly constructed CII landscapes with DIMs. Section 969(d)(2) describes the methods a supplier may use to demonstrate the existence of new CII landscapes with DIMs. The State Water Board does not need to approve the area prior to the supplier submitting the report.

32. What are CII special landscape areas?

- CII SLAs are CII landscapes with DIMs that are dedicated solely to edible plants, are areas irrigated with recycled water or water features using recycled water, or are areas dedicated to active play such as parks, sports fields, golf courses, and where turf provides a playing surface (Cal. Code Regs, tit.23, section 491), as well as those areas described in California Code of Regulations, title 23, section 969, subdivision (a)(5)(A) through (F):
  - Slopes designed and constructed with live vegetation as an integral component of stability;
  - Ponds or lakes receiving supplemental water for purposes of sustaining wildlife, recreation, or other public benefit;
  - Plant collections, botanical gardens, and arboretums;

- Public swimming pools and similar recreational water features; and
  - Cemeteries built before 2015.
33. Are parks included in a supplier's CII landscapes with DIMs budget?
- Only parks on a dedicated irrigation meter will be part of the budget. If parks with DIMs have special landscape areas, then those directed water uses will have a 1.0 landscape efficiency factor. Park areas with trees may qualify for a tree-related variance or temporary provision.
34. How will a supplier verify special landscape areas?
- The supplier will need to demonstrate to the Department of Water Resources, in coordination with the State Water Board, the areas meet the definition in the California Code of Regulations, title 23, Section 969, subdivision (a)(5).

### Real Water Loss

35. What are real water losses?
- As defined by the American Water Works Association, real water losses are "physical water losses from the pressurized system (water mains and customer service connections) and the utility's storage tanks, up to the point of customer consumption. In metered systems this is the customer meter, in unmetered situations this is the first point of consumption (stop tap/tap) within the property. The annual volume lost through all types of leaks, breaks and overflows depends on frequencies, flow rates, and average duration of individual leaks, breaks and overflows."
36. What are the real water loss standards?
- The standard for real water loss can be expressed in gallons per connection per day or gallons per mile per day. A [preexisting regulation](#) established [system-specific water loss standards](#) for systems owned and operated by urban retail water suppliers.
37. What is a public water system?
- Urban retail water suppliers that operate one or more public water systems. A "public water system" means a system for the provision of water for human consumption through pipes or other constructed conveyances.
38. How is the budget for real water losses calculated for suppliers that own and operate one system?
- The real water loss budget is calculated by multiplying a system's real water loss standard by, depending on the units associated with the standard, either

the system's total number of service connections or the length of the distribution system (in miles), and by the number of days in the year. See California Code of Regulations, title 23, section 970, subdivision (b)(1).

39. How is the budget for real water losses calculated for suppliers that own and operate more than one system?

- Suppliers that own and operate multiple systems must calculate real water loss budgets for each system they own and operate, and then sum the budgets associated with each of those systems. See California Code of Regulations, title 23, section, subdivision 970(b)(2).

40. When must the objective include real water losses based on the system-specified standards established via the water loss regulation?

- Consistent with California Code of Regulations, title 23, sections 980 through 986, urban retail water suppliers are required to comply with real water loss standards by January 1, 2028. Until then, a supplier may, when calculating its urban water use objective, use real losses reported in the [water loss audits](#) provided to the Department of Water Resources, rather than the standard-based budget calculated according to the equation described section 970, subdivisions (b)(1) or (b)(2). See California Code of Regulations, title 23, section 970, subdivision (c).

41. Do the water loss standards change over time?

- Consistent with California Code of Regulations, title 23, section 984, default parameters in the economic model used to generate system-specific standards may be updated under extenuating circumstances. To submit a request for an update, please email [DDW-WaterLossControl@waterboards.ca.gov](mailto:DDW-WaterLossControl@waterboards.ca.gov).

## Recycled Water

42. How does the regulation incentivize and account for potable recycled water?

- [Water Code section 10609.20](#) provides that an urban retail water supplier delivering water from a groundwater basin, reservoir, or other source that is augmented by potable reuse water may add to its objective a "bonus incentive." This complements the State Water Board's Recycled Water Policy, which recognizes the importance of recycled water as a critical component of the State's diversified water supply to improve the State's self-reliance and drought resiliency.

43. How much water does the bonus incentive add to the objective?
- How much water the bonus incentive adds to a supplier's objective will vary depending on the supplier, the year, and whether the facility producing the recycled water is an "existing facility." The bonus incentive may be up to 15% of the objective for suppliers delivering potable reuse water that was produced at an existing facility. The bonus incentive may be up to 10% of the objective for suppliers delivering potable reuse water that was produced at all other facilities. This is referred to as the bonus incentive "cap."
44. What is an existing facility?
- [Water Code section 10609.20\(d\)\(4\)](#) defines an existing facility as one that meets the following criteria: The facility has a certified environmental impact report, mitigated negative declaration, or negative declaration on or before January 1, 2019; the facility begins producing and delivering potable reuse water on or before January 1, 2022; and the facility uses microfiltration and reverse osmosis technologies to produce the potable reuse water.
45. How is the bonus incentive calculated?
- The bonus incentive is calculated according to a multi-step process described in California Code of Regulations, title 23, section 971. The first step is to calculate the volume of potable reuse water; how that is calculated depends on the source of the potable reuse water. Was it derived from a recharged groundwater basin, an augmented reservoir, or a direct potable reuse project? These equations are respectively described in California Code of Regulations, title 23, sections 971, subdivisions (b)(1), (b)(2), and (b)(3). The second step is to multiply the volume of potable reuse water by the portion of total potable water delivered to "residential" and "landscape irrigation" connections. See California Code of Regulations, title 23, section 971, subdivision (b). The third and final step is to apply the "cap," which limits the bonus incentive to either 15 or 10% of the objective. See California Code of Regulations, title 23, section 971, subdivision (a).
46. How is the bonus incentive calculated if a supplier delivers potable recycled water produced at multiple facility types?
- Suppliers may only combine volumes of potable reuse from different sources if the facilities are the same type: either existing facilities, [see 971(a)(1)] or all other facilities [see 971(a)(2)]. If the facilities are existing facilities, for example, a supplier may, when calculating the volume of potable reuse water, combine the volume of potable reuse water obtained from a groundwater source ( $V_{PRG}$ ), an augmented reservoir source ( $V_{PRS}$ ), or a Direct Potable Reuse Project ( $V_{PRD}$ ). The bonus incentive is limited to either 15% of the objective for existing facilities or 10% for all other

facilities. When calculating the bonus incentive, volumes of water from existing facilities may not be added to volumes of water from facilities that are not existing facilities.

47. How does the regulation incentivize and account for non-potable recycled water?

- The regulation incentivizes and accounts for non-potable recycled water in several ways. First, a landscape irrigated with recycled water is considered a special landscape area (SLA). When calculating the outdoor budgets for SLAs, a supplier may use a landscape efficiency factor of 1.0, which will result in a larger budget than what would otherwise be calculated using the outdoor standards. See California Code of Regulations, title 23, section 968, subdivision (c)(1) and section 969, subdivision (c)(1).
- Second, there is a variance for recycled water with high levels of Total Dissolved Solids (TDS). The variance allows an urban retail water supplier to adjust its water use objective based on the volume of high TDS recycled water applied to landscapes. See California Code of Regulations, title 23, section 968, subdivision (g)(5).

### Variances and Temporary Provisions

48. What's the difference between a variance and a temporary provision?

- A variance is an additional volume of water that a supplier may request to add to its objective for a unique use that has a material effect on a supplier's objective. One example is the variance for seasonal population. For some suppliers, seasonal tourism significantly increases residential indoor water use, affecting the supplier's ability to meet its annual objective. Accounting for this unique and significant use, an approved variance would allocate a larger volume of water than would otherwise be allocated based on the residential indoor standard alone.
- A temporary provision is an additional volume of water that a supplier may request to add to its objective for a limited time for a specified beneficial use that will require an additional amount of water that decreases over time. One example is the temporary provision for climate-ready trees. Young trees require "extra" water to get established; once established, many trees, especially climate-ready trees, require little supplemental water. Some suppliers are also municipalities working with residential customers to expand the urban forest. Accounting for need to establish new, climate-ready trees, an approved temporary provision would allocate a larger volume of water than would otherwise be allocated based on the residential outdoor standard alone.



49. What is a *material effect* on a supplier's objective?
- For purposes of variances, a unique use of water is considered to have a material effect on a supplier's objective if the use exceeds a specified "threshold of significance." The threshold of significance is not evaluated relative to the overall objective, but rather the relevant budget and, under most circumstances, it is 5%. If for example, the actual water use associated with the widespread use of evaporative coolers represents 5% or more of the residential indoor water use budget, a supplier would qualify for that variance.
  - For a few variances, a supplier may opt to qualify for the variance with a smaller threshold of significance. This requires a supplier to more precisely gauge the amount of water delivered for the unique use. For example, a supplier may qualify for the seasonal population variance with a 1% significance threshold if the supplier uses detailed daily or hourly AMI to effectively identify the water use. See California Code of Regulations, title 23, section 967, subdivision (c)(2)(C).
50. How and when should a supplier request provisions and variances?
- A supplier must request a variance or a temporary provision on or before October 1<sup>st</sup> preceding the reporting year. For example, to include a variance in the January 1, 2026, report, a supplier must submit the variance request on or before October 1, 2025. E-mail requests to [WaterConservation@Waterboards.ca.gov](mailto:WaterConservation@Waterboards.ca.gov) in a machine-readable format and include information quantifying and substantiating the request.
  - The information required to quantify and substantiate a request will vary depending on which budget the variance or provision would apply to. For example:
    - Section 967(e) describes what is required for variances and provisions relevant to the budget for efficient residential indoor water use.
    - Section 968(j) describes what is required for variances and provisions relevant to the budgets for efficient residential outdoor water use and CII landscapes with DIMs.
51. Does a supplier have to request a variance or temporary provision every year?
- No. Once approved, a variance can be included for up to five years. Unless otherwise specified, a supplier may use the approved data for up to five years; or it may annually update the data in accordance with an approved variance methodology. If a supplier has received approval to add to its objective, for example, a budget for water use associated with horses and other livestock, it may use the same number of sheep, cattle, and horse to



calculate that budget for the entire five-year period. Alternatively, it may update those values according to the approved methodology for quantifying the number of horses and other livestock within its service area.

- Once approved, a temporary provision can be included for up to five years, unless otherwise specified. If a supplier has received approval to add to its objective, for example, the temporary provision for establishing climate-ready trees, that budget may only be included for up to three years.

[Click here for more FAQs on variances and temporary provisions.](#)

### Alternative Data and Methods

52. What is alternative data?

- A supplier can sometimes use data from an alternative source in place of the data source listed in the regulation. Data points that can be calculated using an alternative source are reference evapotranspiration; effective precipitation; precipitation; irrigable irrigated area; the area for existing pools, spas, and similar water features; and area of corrals or other animal exercise arenas.

53. What is an alternative method?

- A supplier can sometimes calculate requisite data using an alternative method to the method specified in the regulation. A supplier can use an alternative method for calculating certain variables for the evaporative cooler variance, calculating certain variables for the seasonal population variance, and calculating the loss factor for groundwater recharge and recovery for the bonus incentive.

54. Under what circumstances may a supplier use alternative data or methods?

- A supplier may use alternative data or methods if it demonstrates to the Department of Water Resources, in coordination with the State Water Board, that the data or methods are equivalent, or superior in quality and accuracy to the default data or methods.

[Click here for guidance for alternative data or method submission from DWR.](#)

### “No Back-Sliding” Provision

55. What is the “no-backsliding” provision?
- The water use objectives, together with excluded demands, are to be more efficient than the suppliers’ SB X7-7 targets (Wat. Code, §10609.2.(d)). California Code of Regulations, title 23, section 966, subdivision (h) establishes a “no-backsliding” provision. If a supplier’s objective-based total use (objective plus excluded demands) is larger than the target-based total use (target plus any demands not included in the target such as process water), a supplier’s objective will become their SB X7-7 target minus excluded demands.
  - Until June 30, 2040, the “no-backsliding provision” does not apply to suppliers that have not achieved their individual SB X7-7 targets but are part of a regional alliance that is meeting its regional SB X7-7 target.

### Commercial, Industrial, and Institutional Performance Measures

56. What is an “excluded” demand?
- Some urban water uses are excluded from a supplier’s urban water use objective. Examples of excluded demands include commercial, industrial, and institutional (CII) indoor water use and CII outdoor water use not connected to a dedicated irrigation meter. Generally, these uses that are excluded from the water use objective are subject to performance measures.
57. What is a performance measure?
- Performance measures are actions to be taken by suppliers to increase water use efficiency by CII water users. Excluded demands — except for “process” water — are subject to performance measures.
58. Is “process water” regulated under the new framework?
- No. CII process water is statutorily excluded from the conservation framework. Process water is defined in Water Code Section 10608.12.
59. Is “recycled water” subject to performance measures?
- Yes. Any CII water users included in section 972(a) or 972(b), including those that use recycled water, are subject to performance measures.

60. Who is a CII water user?

- California Code of Regulations, title 23, section 965, subdivision (k) defines CII water users as those meeting any of the definitions in [Water Code section 10608.12](#) (f), (p), and (q):
  - (f): “Commercial water user” means a water user that provides or distributes a product or service.
  - (p): “Industrial water user” means a water user that is primarily a manufacturer or processor of materials as defined by the North American Industry Classification System code sectors 31 to 33, inclusive, or an entity that is a water user primarily engaged in research and development.
  - (q): “Institutional water user” means a water user dedicated to public service. This type of user includes, among other users, higher education institutions, schools, courts, churches, hospitals, government facilities, and nonprofit research institutions.
- A supplier has discretion in how it counts its CII water users. A supplier may count the number of CII connections, the number accounts, the number of customers, or some other grouping.

61. Are CII landscapes with DIMs subject to Performance Measures?

- CII landscapes with dedicated irrigation meters are associated with CII water users. They could therefore, for example, be subject to the BMPs described in section 974(f).

62. Who is an “existing” CII water user?

- Existing CII water users are those served by the supplier on or before January 1, 2025. See California Code of Regulations, title 23, section 965, subdivision (x). While a supplier must carry out the performance measures for all existing CII water users by certain dates (e.g., a supplier must classify all existing CII water users by 2027), the regulation provides a supplier with greater flexibility as its CII customer base expands (e.g., after 2028, a supplier must maintain a 95% classification rate of all its CII water users).

63. If a system becomes an urban retail water supplier after January 1, 2025, when does it have to carry out the Performance Measures?

- Each section pertaining to the Performance Measures describes the deferred deadlines for a “new” urban retail water supplier. For example, section 972 (the CII classification requirements) applies beginning five years after a system meets the criteria to be considered a supplier or consolidates with an existing supplier.

64. If a performance measure has a June 30 deadline, does the supplier need to submit information to the Board by June 30?
- No, the June 30<sup>th</sup> deadline represents the end of the State fiscal year, the period suppliers report on. Information about performance measures must be included in the January 1<sup>st</sup> annual report. For example, performance measures carried out to meet the June 30<sup>th</sup>, 2027 deadline must be reflected in the January 1<sup>st</sup>, 2028 annual report.

### Classifying CII Water Users

65. What does it mean to classify a CII water user?
- To classify a CII water user is to group it with other similar water users. The regulation requires a supplier to classify CII water users according to 22 classification categories.
66. What are the CII classification categories?
- Most of the categories are those used by the United States Environmental Protection Agency's [Energy Star Portfolio Manager](#):
    - Banking/financial services
    - Education
    - Entertainment/public assembly
    - Food sales and service
    - Healthcare
    - Lodging/residential
    - Manufacturing/industrial
    - Mixed use
    - Office
    - Parking
    - Public services
    - Religious worship
    - Retail
    - Technology/science
    - Services
    - Utility
    - Warehouse/storage
    - Other
  - Additional categories include:
    - CII laundries
    - Landscapes with DIMs
    - Water recreation

- Car washes

67. What additional classification is required for car washes?

- Car washes can use a lot of water. The regulation requires a supplier to identify the [ENERGY STAR Portfolio Manager \(ESPM\) property type](#) for every CII water user associated with a car wash, if the car wash accounts for the majority of its water use. See California Code of Regulations, title 23, section 972, subdivision (b)(4). Car washes are often associated with established ESPM property types including vehicle dealerships, convenience stores with gas stations, and repair services. Identifying the property type associated with a car wash makes it easier for a supplier to leverage and align efforts undertaken to classify commercial properties based on energy use and business types for other purposes (e.g., engaging car dealerships in clean air initiatives). It can also help to tailor outreach efforts.

68. What if a CII water user could fall into multiple classification categories?

- CII water users are classified based on the end-use of water for the water user. A supplier has some discretion in how it classifies its CII water users. A supplier may classify a CII water user that falls into multiple categories according to the highest water-using activity; for example, a supplier may opt to include a large brewery, with a small event space and tasting room, in the “manufacturing” category. A supplier may also opt to include a CII water user that could fall into multiple classification categories in the “other” or “mixed use” category.

69. When must a supplier classify its CII water users?

- By January 1, 2025, each supplier is required to start reporting on what progress it has made in classifying CII water users. In its January 1, 2028, report, each supplier must demonstrate that it has classified all existing CII water users by June 30, 2027. Starting with its January 1, 2029, report, each supplier must demonstrate that it is maintaining a 95% classification rate of all its CII water users.

### Installing Dedicated Irrigation Meters, Employing In-lieu Technologies, and Offering Best Management Practices to Large Landscapes

70. What are *large landscapes*?

- “Large landscapes” are CII landscapes that are ½ acre in size or larger with mixed-use meters (MUMs). See California Code of Regulations, title 23, section 965, subdivision (gg).

71. When must a supplier identify large landscapes within its service area?
- California Code of Regulations, title 23, section 973, subdivision (a) provides suppliers with two options for identifying large landscapes within their service area:
    - **Option 1:** By June 30, 2027, identify all existing large landscapes.
    - **Option 2:** By June 30, 2029, identify existing *large landscapes* that exceed the water budget calculated pursuant to section 973, subdivision (c)(1).
72. What actions are required by section 973(b)?
- California Code of Regulations, title 23, section 973, subdivision (b) requires suppliers to either install dedicated irrigation meters **or** employ in-lieu technologies *and* offer Best Management Practices (BMPs) to the large landscapes identified according to section 973, subdivision (a)(1) or (a)(2).
73. What is a dedicated irrigation meter (DIM)?
- A DIM is a water meter that is operated and maintained by a supplier that exclusively measures the water a customer uses for irrigation. See California Code of Regulations, title 23, section 965, subdivision (n).
74. What are in-lieu water management technologies and how many must a supplier employ?
- In-lieu water management technologies are technologies that support landscape water efficiency improvements by means other than the direct measure of water use. They include but are not limited to the following:
    - Water budget-based rate structures
    - Water budgets (without a rate structure)
    - Technologies to identify, estimate, and analyze outdoor water use, including AMI
    - Technologies to identify, estimate, and analyze outdoor water use, including remote sensing
    - Other technologies approved by the State Water Board.
  - If a supplier does not install a DIM on a large landscape identified according to section 973(a)(1) or (2), a supplier must employ at least one in-lieu technology and offer BMPs.
  - See California Code of Regulations, title 23, section 965, subdivision (dd) and section 973, subdivision (b).

75. Which BMPs must be offered to CII water users with large landscapes identified according to section 973, subdivisions (a)(1) or (a)(2)?

- If a supplier does not install a DIM on a large landscape identified according to section 973(a)(1) or (2), the supplier must employ at least one in-lieu technology and offer the BMPs identified in California Code of Regulations, title 23, section 974. The supplier must offer at least one of the “Outreach, Technical Assistance, and Education” BMPs identified in section 974(f)(1). The supplier must also offer at least two of the “Landscape” BMPs identified in section 974(f)(3), including completing irrigation system inspections, audits, or surveys; and providing training or guidance on irrigation scheduling and maintenance.

76. When must a supplier install DIMs on, or employ in-lieu technologies for and offer BMPs to, large landscapes?

- If a supplier opts to identify all existing large landscapes pursuant to California Code of Regulations, title 23, section 973, subdivision (a)(1), the annual report submitted on or before January 1, 2028, would be the first report in which that supplier is required to report progress made in carrying out its section 973(b) requirements (installing DIMs on, or employing in-lieu technologies and offering BMPs to, qualifying large landscapes).
- If a supplier opts to identify all large landscapes pursuant to California Code of Regulations, title 23, section 973, subdivision (a)(2), the annual report submitted on or before January 1, 2030, would be the first report in which that supplier is required to report on progress made in carrying out its section 973(b) requirements.
- Regardless of whether qualifying large landscapes have been identified according to California Code of Regulations, title 23, section 973, subdivision (a)(1) or (2), a supplier must, in its January 1, 2040, report, demonstrate that it has carried out its section 973(b) requirements for all existing qualifying large landscapes. Starting with its January 1, 2041, report, a supplier must demonstrate that it has carried out its section 973(b) requirements for at least 95% of all CII water users associated with large landscapes.

77. How is the water budget calculated according to section 973(c)(1)?

- Budgets for CII water use associated with large landscapes will be calculated by multiplying the area of the large landscape by net reference evapotranspiration, 0.63 (1.0 for CII special landscape area), and a unit conversion factor of 0.62.



78. How can a supplier compare estimated outdoor water use to the budget calculated according to section 973(c)(1)?
- Without a DIM a supplier cannot measure how much water is being applied to a landscape. However, a supplier has discretion in how it estimates outdoor water use. Analyzing high-resolution aerial imagery is one way in which a supplier could estimate outdoor water use. As with residential indoor water use, outdoor water use on CII landscapes with MUMs is not directly metered but can be inferred. In [Appendix A](#) of the Indoor Residential Water Use Study, the Department of Water Resources describes several methods used to estimate residential indoor water use. Using these methods, a supplier could estimate outdoor water use by quantifying what is not indoor water use.

### Offering Best Management Practices

79. What does the regulation require a supplier to do for “disclosable buildings”?
- California Code of Regulations, title 23, section 974, subdivision (a) requires each supplier to identify the “disclosable buildings” in its service area using the list generated by the California Energy Commission. This must be prior to and included in the supplier’s January 1, 2025, report.
  - If the owner or owner’s agent of a disclosable building requests it, section 974(b) requires a supplier to provide 1) the four serial numbers of each meter serving the disclosable building and 2) aggregate monthly water use data for the previous year.
80. Where can a supplier find a list of disclosable buildings in California?
- On the [California Energy Commission’s](#) website, under the section titled “Public Disclosure Dashboard” navigate to the downloadable links titled “Download submitted benchmarking information” for the applicable reporting year.
81. What is a disclosable building?
- A disclosable building is a “Covered Building” of any property type defined by ENERGY STAR Portfolio Manager that has more than 50,000 square feet of gross floor area and has (1) no active residential utility accounts, or (2) 17 or more active residential utility accounts of each energy type serving the building. See California Code of Regulations, title 20, section 1681, subdivision (d).
  - A Covered Building is any structure used or intended to support or shelter any use or occupancy, other than a condominium project as described in section 4125 or 6542 of the California Civil Code, that received energy from a utility during the period for which energy use data is requested, and has (1)

no residential utility accounts, or (2) five or more active utility accounts of any one energy type, at least one of which is residential. Two or more Covered Buildings on the same parcel, campus, or site that are served by one common energy meter without submetering, such that their energy use cannot be tracked individually, are considered one Covered Building with exemptions. (See Cal. Code Regs., tit. 20, §1681, subd.(c).)

82. Does a supplier have to use the EnergyStar Portfolio Manager template?
- No. A supplier may provide to the “building owner or owner’s agent” the data described in California Code of Regulations, title 23, section 974, subdivisions (b)(1) and (b)(2) using:
    - ENERGY STAR Portfolio Manager’s Data Exchange Services;
    - [The template](#) provided by U.S. EPA; or
    - A format compatible with the U.S. EPA template.
83. Who is an owner’s agent?
- An owner’s agent is a person with authorization from the building owner to act on behalf of the building owner. (See Cal. Code Regs., tit. 20, §1681, subd. (i).)
84. Which CII water users must be offered Best Management Practices (BMPs)?
- A supplier may choose from three options for identifying the CII water users it will offer BMPs to.
    - Option 1: Water users at or above the 97.5<sup>th</sup> and 80<sup>th</sup> percentile for CII water use. See California Code of Regulations, title 23, section 974, subdivision (c)(1).
    - Option 2: Water users at or above the 97.5<sup>th</sup> percentile for CII water use and those at or above the 80<sup>th</sup> percentile for water use in each of the classification categories identified in section 972. See California Code of Regulations, title 23, section 974, subdivision (c)(2).
    - Option 3: CII water users that appear to be inefficient according to Key Business Activity Indicators (KBAI) developed by the supplier for each of the classification categories described in section 972. A supplier may also develop KBAs for the specific ENERGY STAR Portfolio Manager [property types](#). See California Code of Regulations, title 23, section 974, subdivision (c)(3).
85. When must a supplier identify which CII water users must be offered BMPs?
- By January 1, 2025, each supplier is required to start reporting on what progress it has made in identifying which CII water users must be offered

BMPs. The deadlines for identifying CII water users depends on which of the three options a supplier selects.

- If option 1 (water users at or above the 97.5<sup>th</sup> and 80<sup>th</sup> percentiles for CII water use) is selected, a supplier must identify those existing CII water users by June 30, 2025 and accordingly include applicable information in its January 1, 2026 report.
- If option 2 (water users at or above the 97.5<sup>th</sup> percentile for CII water use and those at or above the 80<sup>th</sup> percentile for water use in each of the classification categories) is selected, a supplier must identify those existing CII water users by June 30, 2027 and accordingly include applicable information in its January 1, 2028 report.
- If option 3 (CII water users that appear to be inefficient according to KBAs developed by the supplier) is selected, a supplier must identify those existing CII water users by June 30, 2029 and accordingly include applicable information in its January 1, 2030 report.

86. What BMPs must a supplier include in its CII conservation program?

- Depending on the type of water user, a supplier must select one or two BMPs from each of the five BMP categories: 1) Outreach, Technical Assistance, and Education; 2) Incentives; 3) Landscape; 4) Collaboration; and 5) Operational. For example, if a supplier identifies CII water users according to California Code of Regulations, title 23, section 974, subdivision (c)(1) (i.e., “option 1”), a supplier would need to:
  - Offer two BMPs (e.g., visiting customers on-site and conducting workshops) from each BMP category for those at the 97.5<sup>th</sup> percentile for CII water use; and
  - Offer one BMP (e.g., rebates) from each of the BMP categories for those CII water users at or above the 80<sup>th</sup> percentile for CII water use.

87. Can a supplier offer the same BMPs to different types of CII water users?

- Yes. A supplier may offer the same BMPs to different types of CII water users. If a supplier identifies CII water users according to California Code of Regulations, title 23, section 974, subdivision (c)(2) (i.e., “option 2”), a supplier may offer the same BMPs to 80<sup>th</sup> percentile water users, regardless of classification category. For example, the BMPs offered to high water-users in the “Banking/financial services” category may be just as relevant and helpful for high water-users in the “Office” category.
- Similarly, one of the two BMPs offered to CII customers at or above the 97.5<sup>th</sup> percentile according to California Code of Regulations, title 23, section

974, subdivisions (c)(1)(A) or (c)(2)(A) may be the same as the BMP offered to the 80<sup>th</sup> percentile water users.

88. Do suppliers with little CII water use have to design and implement a CII conservation program?

- Yes. However, for suppliers with little CII water use, the CII conservation program requirements are less robust. If, as averaged over a five-year period, a supplier's CII water use represents 10% or less of its total deliveries, then the supplier need only offer BMPs from the "Outreach, Technical Assistance, and Education" category. See California Code of Regulations, title 23, section 974, subdivision (g)(1).

89. Does a supplier have to offer BMPs from the "Landscape" BMP category to CII water users that don't use water outdoors?

- No. See California Code of Regulations, title 23, section 974, subdivision (g)(2).

90. What process must a supplier follow to have a different in-lieu technology approved by the State Water Board?

- Aside from the in-lieu technologies listed in section 973(b)(2)(A) through (D), suppliers may provide a narrative description of a technology used to identify, estimate, and analyze water use or improve outdoor water use efficiency. The State Water Board will approve in-lieu alternatives based on the narratives submitted in the annual January 1 report.

91. Can suppliers work with a regional entity to offer BMPs?

- Yes. A supplier may work with a regional entity to design and implement a CII conservation program. A regional entity may include an organization working with suppliers across the entire state of California, provided such an organization has regional expertise. See California Code of Regulations, title 23, sections 974, subdivisions (g)(2) and (h)(2).

92. When must a supplier design and implement the CII conservation program?

- By June 30, 2039, a supplier is required to implement its conservation program for existing CII water users identified according to California Code of Regulations, title 23, section 974, subdivision (c) (e.g., those that appear to be inefficient according to KBAs). Leading up to the January 1, 2040, report, a supplier must also report on what progress has been made in offering BMPs to the identified CII water users. After 2040, a supplier is required to maintain its CII conservation program for all (existing and new) CII water users identified according to section 974(c). See California Code of Regulations, title 23, section 974, subdivision (h)(1).

- If a system becomes, or consolidates with, an urban retail water supplier after January 1, 2025, the regulation does not apply right away. After becoming, or consolidating with, an urban retail water supplier, that system would have 15 years to meet its California Code of Regulations, title 23, section 974 obligations.

### Reporting

93. Where will a supplier submit its report?
- The reporting form will be submitted to the Department of Water Resources and the State Water Board via the [DWR WUE data portal](#).
94. When must a supplier submit its annual report?
- By January 1, 2025, and by every January 1 thereafter.
95. What time period does each report reflect?
- The previous State fiscal year (i.e. July 1 through June 30). For example, the report due by January 1, 2025, will report data from July 1, 2023, to June 30, 2024.
96. What data is being provided by the Department of Water Resources and/or the State Water Board?
- The State Water Board collects and manages data from several databases. The reporting form will be pre-populated with the following data points and data sources that have been previously reported by the supplier:
    - Potable and non-potable water deliveries, potable supply and sold data, and source-level supply data from the [SAFER Clearinghouse](#)
    - Annual CII connections from the electronic Annual Report
    - Population from [SDWIS](#) (Safe Drinking Water Information System)
    - Volumetric Annual Reports (VAR) – [CIWQS](#) Crosswalk (California Integrated Water Quality System)
    - Real water loss standards (system-specific standards)
  - Data provided by the Department of Water Resources includes:
    - Annual and seasonal weather data
    - Water Loss Audit data
    - SB X7-7 targets
    - Landscape area
97. Does a supplier need to submit data to the Department of Water Resources and the State Water Board?
- Yes. Water Code section 10609.24(a) requires suppliers to submit reports to the Department of Water Resources. California Code of Regulations, title 23,

section 975 further specifies that the data be submitted to the State Water Board. The upcoming report due by January 1, 2025, will be submitted via the DWR WUE Data Portal; this fulfills both the requirements for submitting the report to the Department of Water Resources and the data to State Water Board.

98. How can a supplier correct pre-filled data in the reporting form that is not accurate?
- The State Water Board has pre-populated the reporting form to the extent possible using data from the [Urban Water Use Objectives – Relevant Data](#) dataset on OpenData. Each individual dataset has a point of contact for questions or corrections. If the dataset is not listed on OpenData, contact [waterconservation@waterboards.ca.gov](mailto:waterconservation@waterboards.ca.gov) for questions or corrections.
99. Where can I download the reporting form template?
- The reporting form template and an accompanying guidance document are available for download on the [Water Use Efficiency Data \(WUEdata\) portal's](#) Resources for Urban Water Suppliers page.

## Enforcement

100. What happens if a supplier does not comply with the regulation?
- With respect to suppliers' possible violations of the regulation, the State Water Board values fair, consistent, transparent, and progressive enforcement. The Board specifically directed staff to, in evaluating any potential enforcement for a supplier not meeting its objective, consider a number of factors including what conservation measures the supplier is taking and the results of those measures, and the degree to which the supplier is taking reasonable steps to assist and support conservation investments for disadvantaged communities and low-income households.
101. What enforcement actions can the State Water Board take?
- Enforcement actions the State Water Board may take include issuing an informational order or a conservation order, or imposing an administrative civil liability (ACL), also known as a fine or a penalty.
102. When can the State Water Board use its different enforcement tools?
- The State Water Board may issue an information order or conservation order or impose an ACL for failure to submit a required report; or issue an informational order or written notices of violation to suppliers not meeting their objectives.
    - Starting January 1, 2026, the State Water Board may issue conservation orders to suppliers not meeting their objectives.



- Starting January 1, 2027, the State Water Board may impose ACLs on suppliers not meeting their objectives.

103. What ACL might a supplier be subject to if it fails to comply with the regulation?

- Any supplier that fails to comply with the regulation may be subject to civil penalties up to \$500 per day. Additionally, if a violation of the regulation warrants a cease-and-desist order, and a supplier fails to comply with the cease-and-desist order, that supplier may be subject to civil penalties of up to \$10,000 during drought years, or up to \$1,000 per day during non-drought years. The State Water Board may only impose a civil penalty upon the supplier after the supplier is given the opportunity for a hearing.

### **Additional Resources**

More information on the Making Conservation a California Way of Life regulation can be found at:

[https://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/regs/water\\_efficiency\\_legislation.html](https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/regs/water_efficiency_legislation.html).

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