



# Arizona Lower Basin Drought Contingency Plan Steering Committee Meeting January 08, 2019



# Arizona LBDCP Steering Committee Meeting Agenda

- Welcome and Introductions
- Update on 2019 Colorado River Projections
- Arizona LBDCP Implementation Plan Status and DCP Update
- Update on Arizona Intrastate Process for ICS
- Overview of Outstanding Issues
- Potential Mitigation and Offset Component Agreements
- Potential Arizona Legislation Package
- Timeline
- Next Steps

# Lake Mead End-of-December 2019 Scenarios

- **Review of Current Conditions**

- **Elevations**

- Lake Powell: 3,582 ft (42% capacity)
    - Lake Mead: 1,081 ft (31% capacity)

- **Lake Powell 2019 April-July Unregulated Inflow Forecast**

- December: 4.69 MAF (66% of 30-year average)
    - January: 4.55 MAF (64% of 30-year average)

- **Projected WY 2019 Lake Powell Release**

- 8.66 MAF (from the December 24-Month Study)

- **Scenarios**

- *December 24-Month Study*

- Assuming 2019 Lake Powell inflow 66% of average

- *“Wetter than Forecast”*

- Assumes 2019 Lake Powell inflow greater than 79% of average (13% greater than December forecast)
    - Results in 9.0 MAF WY 2019 release and 8.23 MAF (or greater) WY 2020 release

- *“Drier than Forecast”*

- Assumes 2019 Lake Powell inflow less than 65% of average (1% less than December forecast)
    - Results in 8.23 MAF WY 2019 release and 7.48 MAF WY 2020 release

- *“Drier than Forecast plus no DCP”*

- Drier than forecast plus no DCP so EC-ICS is delivered up to max allowable

- **End-of-December 2019 elevation could range from 1,077 ft to 1,055.5 ft**

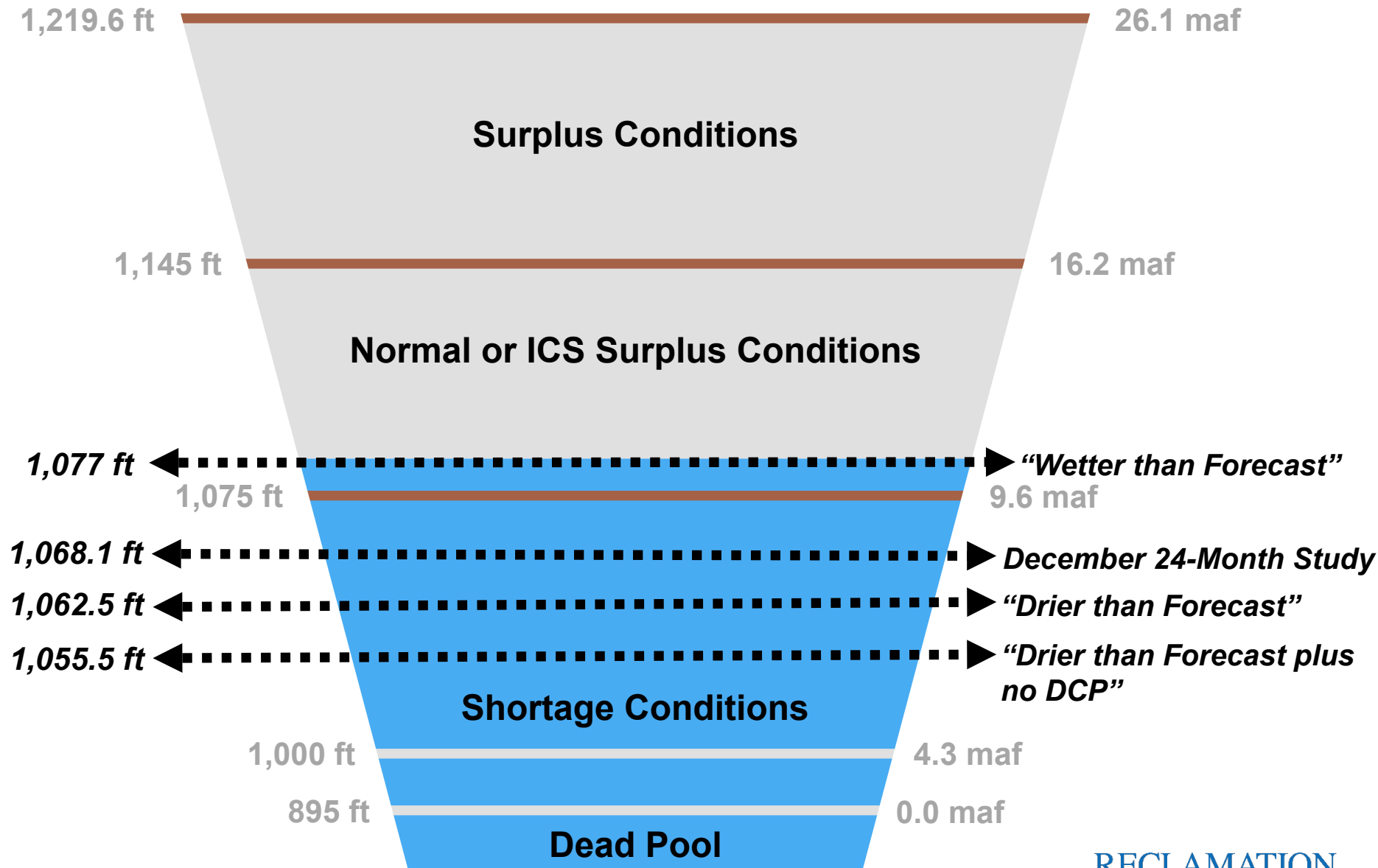
# Lake Mead Scenarios

## End-of-December 2019 Elevation

Scenario	End-of-December 2019 Lake Mead Elevation  (feet above msl)	Difference from Dec-24 Month Study  (feet)
Dec 24-Month Study	1,068.1	----
Wetter than Forecast	1,077.0	+ 8.9
Drier than Forecast	1062.5	- 5.6
Drier than Forecast plus no DCP	1055.5	- 12.6

# Scenarios for End-of-December 2019

## Elevations at Lake Mead



Not to scale

# Lake Mead End-of-December 2019 Scenarios Assumptions

- December 2018 24-Month Study
  - Projection from the December 24-Month Study
  - Assumes “most-probable” inflow into Lake Powell for 2019 (66% of average of the 30-year period 1981-2010)
  - Lake Powell Release: 8.66 MAF in WY 2019, 7.48 MAF in WY 2020
  - Lower Basin inflows: 5-year (2013-2017) average
- “Wetter than Forecast”
  - Assumes 2019 Lake Powell inflow of 79% of average or more
  - Lake Powell Release: 9.00 MAF in WY 2019, 8.23 (or greater) MAF in WY 2020
- “Drier than Forecast”
  - Assumes 2019 Lake Powell inflow of 65% of average or less
  - Lake Powell Release: 8.23 MAF in WY 2019, 7.48 MAF in WY 2020
- “Drier than Forecast plus no DCP”
  - Assumes “Drier than Forecast” hydrology
  - Assumes EC ICS delivery of 525 KAF (400 KAF to CA and 125 KAF to NV)
    - From 2017 Water Accounting Report-
      - CA EC ICS Balance = 415,481 AF
      - NV EC ICS Balance = 124,700 AF

# November 29 Steering Committee

- Many Steering Committee delegates expressed support for the AZ DCP Implementation Plan including: representatives of M&I users from the 3 counties, GRIC, NGOs, On-River users and ADWR
- Some delegates expressed concern regarding the lack of certainty for Pinal Ag users, the removal of a CAGRD/developer mitigation pool and a potential funding gap for CRIT participation.
- ADWR Director announced Governor Ducey's commitment to include \$30 million in his 2019 executive budget to fund system conservation.
- Co-chairs acknowledged that more discussions are necessary and the next step is drafting implementation agreements.



# December 6, 2018 Board Meeting Minutes

- Action #1 - CAWCD Board *“Approved support of the key provisions of the AZ DCP Implementation Plan presented at the November 29, 2018 Steering Committee meeting, recognizing the need for additional discussions to address remaining issues, including certainty for the CAP Ag Pool and the Developer Pool, and subject to approval by the Board of agreements necessary to implement CAWCD’s commitment to the AZ DCP Implementation Plan and consistent with the Board’s action taken at November 15, 2018 special Board Meeting.”*
- Action #2 –CAWCD Board *“Approved the LBDCP Agreement and the Companion Agreement and authorized the Board President, or her designee, to execute the appropriate agreements, provided those documents protect the Board’s capacity to enforce all parties’ obligations under the LBDCP in court, if necessary.”*



# Implementation Plan – Two Components

- Mitigation Component
  - Wet water CAP deliveries for mitigation
  - Payment for reductions (compensated mitigation) when wet water mitigation is insufficient
  - Money for new groundwater infrastructure for CAP Ag
- Offset Component
  - System conservation and ICS creation to replace CAP ICS that is used for mitigation
  - Pre-firming concept to address NIA firming obligations from Indian water settlements

# Mitigation Component- Key Terms

- 2020 – 2022
  - 100% mitigation for NIA Pool (annual determination of vol.)
  - Fixed volume for CAP AG, dependent on annual tier determination
- 2023 – 2025
  - No CAP Ag Mitigation (except EPCOR Phoenix AMA GSF to Pinal AMA GSF and groundwater infrastructure)
  - M&I and Indian priority fully mitigated first
  - NIA volume based on actual orders/operating conditions
  - NIA 75% under T1 and T2a (until no supplies)
  - NIA 50% under T2b (until no supplies)
- 2026
  - Zero mitigation
- No mitigation for any water user in T3 or 2026, whichever occurs first

# Offset Component– Key Terms

- Conserve 400 kaf to offset use of 400 kaf of CAP ICS
- Offsets provided through:
  - 100 kaf US-GRIC ICS
    - Pre-firming for US Tribal firming obligation
  - 50 kaf AWBA-GRIC ICS
    - Pre-firming for Arizona's AWSA firming obligation
  - 150 kaf System Conservation
  - 50 kaf Additional Tribal ICS
  - 50 kaf - CAP-SRP Exchange payback

# CRWUA - USBR Commissioner Announces Deadline

- On December 13, 2018, the United States Bureau of Reclamation Commissioner announced a deadline of January 31, 2019, for the parties to the DCP agreements in the Lower Basin to finish their work to complete the DCP
- If the parties to the DCP agreements in the Lower Basin have not finished their work to complete the DCP by the deadline, the Department of the Interior will publish a notice in the Federal Register asking all seven Basin States to provide, within 30 days of the notice, their recommendations for future Department action to address the risks the Basin is facing

# Current Status

- ADWR and CAWCD have identified a number of agreements that will be necessary to effectuate the AZ DCP Implementation Plan.
- ADWR and CAWCD are also outlining potential legislative changes required to implement certain provisions of the AZ DCP Implementation Plan.

# Current Status

ADWR and CAWCD have been working to develop an approach to address the signing of the interstate DCP Agreements as follows:

- ADWR signs the Companion Agreement and the LBDGP Agreement on behalf of the State of Arizona.
- CAWCD and Reclamation enter into a separate agreement in which each party agrees to implement terms of LBDGP.
- ADWR and CAWCD Exchange of letters re: CAWCD/Reclamation agreement and statements of non-precedent and reservations of rights.
- Modify LBDGP Agreement to include CAWCD as a 3rd Party Beneficiary, allowing CAWCD to seek enforcement, and to participate in certain consultations.

# Update on Arizona Intrastate Process for ICS

- On December 31, 2018, ADWR posted the draft intra-Arizona ICS Framework Agreement and draft ICS exhibits on its website.
- ADWR received proposed ICS exhibits from:
  - CAWCD
  - CRIT
  - GRIC
  - MVIDD
  - WMIDD
- On January 7, 2019, ADWR hosted an open house to address questions on the ICS exhibits.
- Public comments on the exhibits must be submitted in writing to ADWR no later than January 14, 2019.



# Outstanding Issues

- Fixed Mitigation Pool – 105 kaf for Ag through 2022
  - Options for “backstop” supply
- Funding for GW Infrastructure
  - Timing and certainty for contributions
- Developer – CAGRD Mitigation Pool
  - How to provide certainty to support economic development interests?
- CAP – SRP Exchange
  - Viable Alternative Offset Proposal in lieu of CAP-SRP Exchange

# Alternative Offset Proposal

- Alternative for Offset proposed by CAP/SRP Exchange:
  - Count CAP 2019 System Conservation as part of the Offset (current CAP AOP identifies 80 kaf of Excess CAP Water for 2019 System Conservation)

# List of Agreements and Actions: Mitigation Component

- ADWR/CAWCD are evaluating the utility of memorializing the Arizona LBDCP Implementation Plan components and agreements through some instrument
- CAP Ag Mitigation Agreements (CAWCD – CAP Ag Distr)
- CAP NIA Mitigation Agreements (CAWCD – NIA Pool)
  - Clarifying application of federal and state calculations for firming GRIC and TON CAP NIA Priority Water
- USF-GSF Agreements (AWBA-Cities (+Freeport?)-CAP Ag Distr)
- GSF-GSF Agreement (EPCOR – CAP Ag Distr)
- CAWCD-SRP Exchange Agreement (if necessary) (CAWCD –SRP)
- CAP Ag Distr Groundwater Infrastructure Funding Commitments (Arizona, CAWCD, US, CAP Ag Distr)
- AWBA M&I Firming Policy Statement/Clarification (AWBA)
- Board approvals

# List of Agreements and Actions: Offset Component

- Arizona ICS Framework Agreement (ADWR, BOR, CAWCD)
- US – GRIC “Pre-Firming” Agreement (BOR, GRIC)
- AWBA – GRIC “Pre-Firming Agreement (AWBA, GRIC)
- System Conservation Funding and Implementation Agreement(s) (Arizona, NGOs, CRIT, CAWCD)

# List of Agreements and Actions

## Other Components

- Completion and approvals of new ICS Exhibits
- Interstate ICS capacity borrowing agreement (2019 - 2020)
- Interstate ICS additional aggregate capacity agreement (Arizona increase from 500 to 600 kaf)
- Identifying and creating agreements for Pinal AMA recovery partners for AWBA credit exchange

# Draft Arizona Legislative Package

- Joint Resolution for LBDCP
- Funding for System Conservation and GW infrastructure
- Repurposing Pinal Pump Tax for GW infrastructure
- Limited Repeal of WaterBUD
- Authorization for AWBA exchange of withdrawal fee credits
  - LTSC Transfer Fee Waiver
- ADWR authority to act as the fiscal agent for NGO contribution for CRIT System Conservation

# Timeline

- January 8, 2019 – Steering Committee meeting to discuss outstanding issues, outline necessary agreements and potential legislative changes to effectuate AZ DCP Implementation Plan
- AZ Legislative Session commences January 14, 2019 – Governor Ducey will explore options with Legislative leaders for legislation, including a concurrent special session
- January 14, 2019 – Deadline for written comments to ADWR on Arizona ICS Exhibits
- January 17, 2019 – Tentative Special AWBA Meeting
- Tentative CAWCD Special Board Meetings: January 17 and January 24, 2019



# Next Steps

- Continue drafting and completing necessary agreements
  - Draft term sheets and/or forms of agreements will be shared between parties to the agreements beginning the week of January 14th
- Work with legislative members to prepare proposed legislation and circulate to members of the Steering Committee

# DELEGATES' COMMENTS



**With additional questions contact:**

ADWR at [sslee@azwater.gov](mailto:sslee@azwater.gov)

CAWCD at [cthompson@cap-az.com](mailto:cthompson@cap-az.com)

**Presentation Materials Available at:**

ADWR's website – [new.azwater.gov/lbdcp](http://new.azwater.gov/lbdcp)

CAWCD's website – [www.cap-az.com/AZDCP](http://www.cap-az.com/AZDCP)