



Topic: **Joint Authority Board and Reservoir Committee 2021 February 19**
Meeting Agenda Item 3.2

Subject: **Proposed Approach for Allocating Storage Space in the Reservoir**

Requested Action:

Review and comment on the approach for allocating storage space in the reservoir.

Detailed Description/Background:

In July 2020, the Reservoir Committee and Authority Board delegated consideration of updates to the conditionally approved August 2019 Water Storage Policy to the Ad Hoc Reservoir Operations and Engineering Workgroup. This Workgroup established a small working group to assess changes to the Policy and bring those recommended changes back to the Workgroup.

An important component of the Storage Policy, and a foundational principle of the Sites Project is that each Storage Partner has allocated storage space in Sites Reservoir (termed "Storage Allocation" in the draft revisions to the Storage Policy discussed in Item 3.1 of today's agenda). This Storage Allocation is managed by the Storage Partner to optimize the benefits received from the Sites Project. This approach is anticipated to be incorporated into Successor Participation Agreements, the Plan of Finance, and the Water Storage and Supply Service Contract term sheets.

The primary objectives when allocating storage space in the reservoir among participants are to ensure as follows:

- Each participant is treated equitably in allocating storage space.
- There is continued equity among current participants for past investments including consideration for the Credit Reimbursement Policy.
- The approach is easily understandable to enable clear and consistent communication at each participating agency.
- The approach for allocating outside of any rebalancing process to avoid complexity and confusion.
- All future cost allocations will be based on the proportionate share of allocated storage space.
- The State's portion is an estimate until such time as the "true-up" of the Prop 1 benefits is completed.
- The Federal portion is an estimate based on RDEIR/SDEIS Alternative 1 and will be re-evaluated as Reclamation's level of funding becomes clearer.

Staff discussed with the small group and is recommending allocating storage space in the reservoir using a basic mathematical formula as follows for the preferred project 1.5MAF reservoir (Alt 1B):

Existing participation x 6.234 = Storage allocation

Example: 1,000 acre-feet per year Amendment 2 participation = 6,234 acre-feet storage

For clarification, the reservoir dead pool is assumed to be 120,000 acre-feet (AF) and is removed from the calculation (not allocated to any Storage Partner).

The end result of the State's participation will follow the CWC's feasibility determination where the "true up" process will take place. Staff feels the current estimate is conservative and that there may be unassigned space that could be reallocated to existing participants or held for future new participants.

The proposed method for allocating storage space among participants is under review and discussion by the small group and the Ad Hoc Reservoir Operations and Engineering Workgroup. Staff is interested in receiving comments from all participants. Additional discussions will continue throughout February and into early March. Staff expects to bring a proposed methodology to the Reservoir Committee and Authority Board in March 2021 with the storage allocation being used in the Successor Participation Agreements, the Plan of Finance, and the Water Storage and Supply Services Contract term sheets.

Prior Action:

None.

Fiscal Impact/Funding Source:

None.

Staff Contact:

Ali Forsythe

Attachments:

None.