



Subcommittee on Long-Term Regional Planning
Processes and Business Modeling

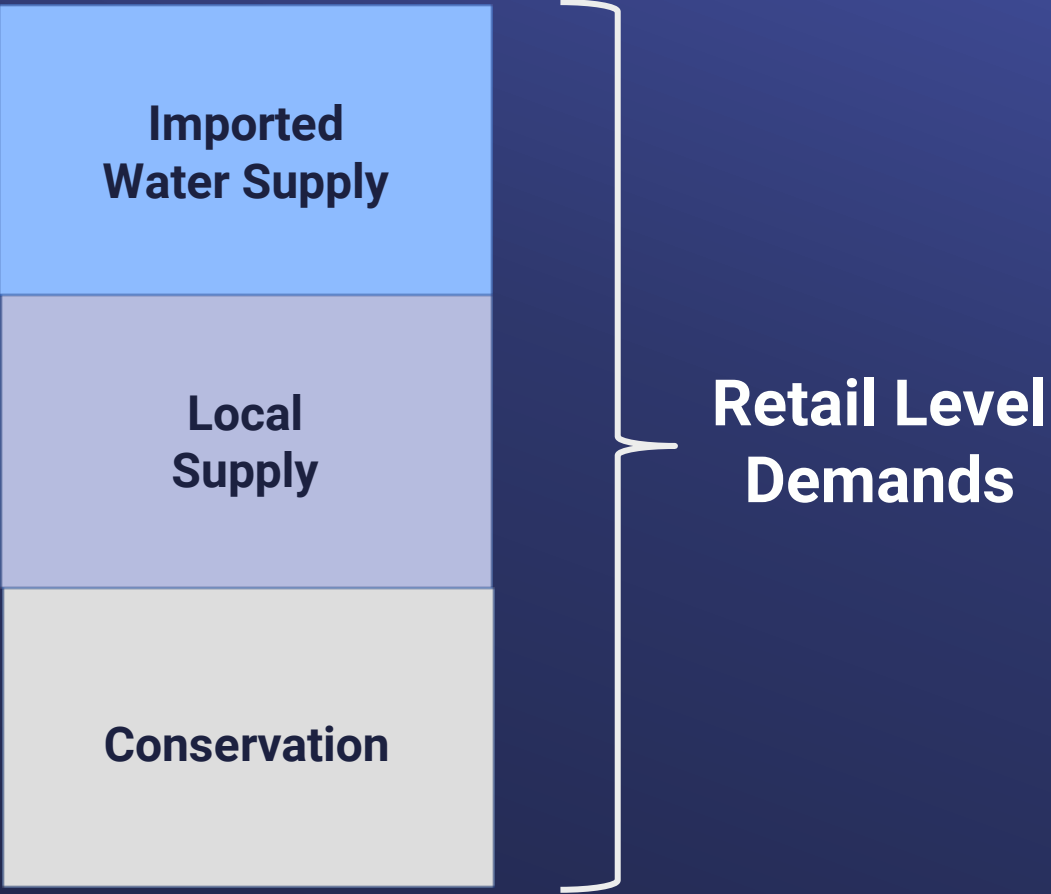
Business Model: Local Resources & Conservation

Item 3b

May 30, 2024

Retail level demands are primarily met through:

Meeting
Regional
Demands



Local Supply & Conservation in Resource Planning

1996 IRP

Preferred Resource Mix;
IRP Targets for Local
Supplies & Conservation



2004 IRP Update

Planning Buffer to
Identify Local Supplies



2010 IRP Update

Supply Buffer to
Implement Local
Supplies & Conservation



2015 IRP Update

Emphasis on Advancing
Conservation & Local Resource
Development



2020 IRP Needs Assessment & CAMP4W

Identified Resource Needs &
Time-Bound Targets



Why Does Metropolitan Provide Financial Incentives?

- Increases regional savings and increased reliability from development of local resources and conservation
- Incentivizes programs help to accomplish regional goals, but implemented at the local level

Local Resources & Conservation Development

Regional Benefits

- Assists in regional supply reliability goals
- Reduces demands for imported water supplies
- Decreases the burden on Metropolitan's infrastructure and reduces system costs
- Frees up conveyance capacity to the benefit of all system users
- Aids in meeting legislative requirements
- Diversifies supply portfolio

Program Design for Regional Benefits

Affordability

Incentives based on “avoided costs” of acquiring and delivering imported supplies through Metropolitan’s system

Reliability

Each acre-foot conserved or locally developed supply meets regional demands and helps to build and preserve regional storage reserves

Economy of Scale

Regionwide programs and outreach campaigns reduce duplication of effort to achieve regional benefit

Equity

All incentives and rebates are made available across the entire service area

Local Resources Program

Local Resources Program Background

- Local Resources Program established in 1998
 - Merged together the Local Projects Program (1981) & Groundwater Recovery Program (1991)
- Intended to accelerate the development of recycled water, groundwater recovery and seawater desalination projects
- Incentives paid for water produced

Local Resources Program Incentives

LRP Evolution Over Time	
Capital Funding	
• 1981 LPP	MWD sells the water
Pay for performance incentives	
• 1986 LPP	Variable (\$75-\$113/AF)
• 1990 LPP	Fixed (\$154/AF)
• 1991 GRP	Sliding scale up to \$250/AF
• 1995 LRP Conversions	Sliding scale up to \$250/AF
• 1998 Competitive LRP	RFP bids (avg. \$115/AF)
• 2007 LRP	Sliding scale up to \$250/AF
• 2014 LRP refinements	Three payment options, ranging from \$305/AF - \$475/AF

Conservation Programs

Conservation Program Background

- Conservation Credits Program began providing funding to member agencies in 1990
- Intended to assist member agencies in local conservation efforts
- Now includes:
 - Regional Rebate Program (devices & turf replacement)
 - Innovative Conservation Program
 - Water Savings Incentive Program
 - Member Agency Administered Programs
- Conservation efforts are paid in advance of estimated lifetime water savings

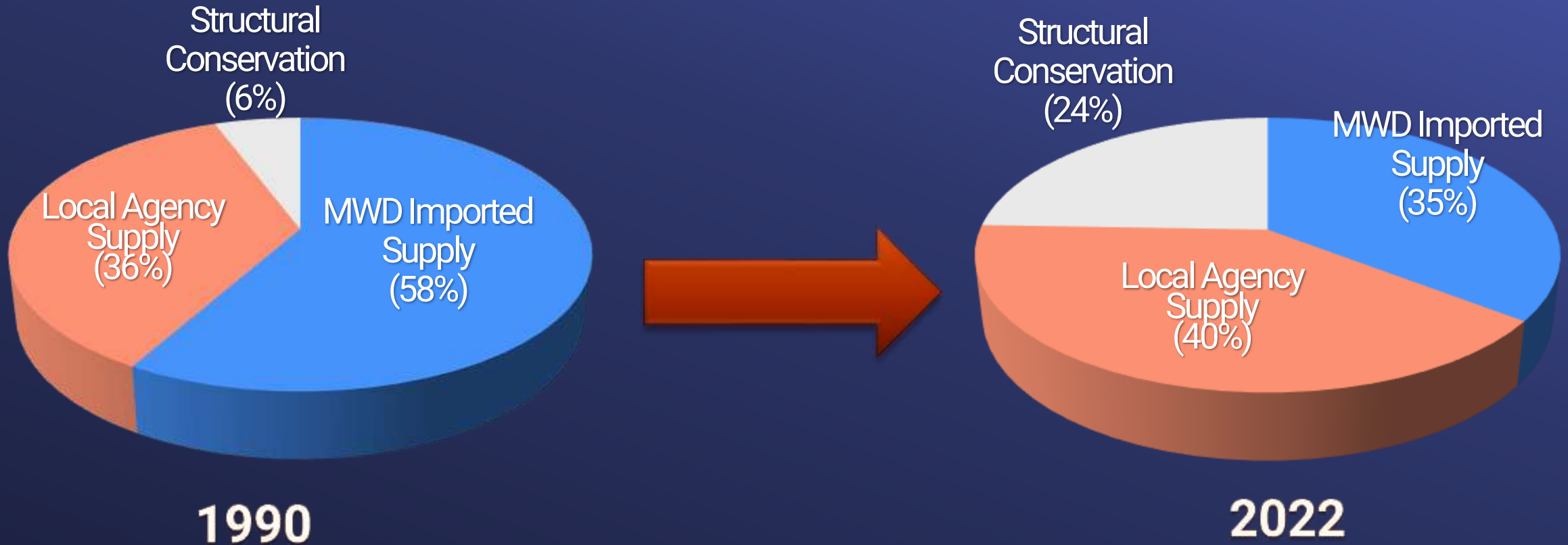
Conservation Program Incentives

Conservation Evolution Over Time	
1988 Base Conservation Rate	Fixed rate \$75/AF; limited to 50% of conservation project costs
1990 Base Conservation Rate	Fixed rate \$154/AF
2005 Base Conservation Rate	Fixed rate of \$195/AF
2012 Base Conservation Rate	Reaffirmed fixed rate of \$195/AF

- Metropolitan typically calculates rebates based on \$195/AF of water savings over the life of the device or program (exceptions include turf replacement program, rain barrels, cisterns, and multi-family housing toilet replacements)

Achievements in Local Resources and Conservation Development

Local Resources & Conservation - Key to Supply Diversification



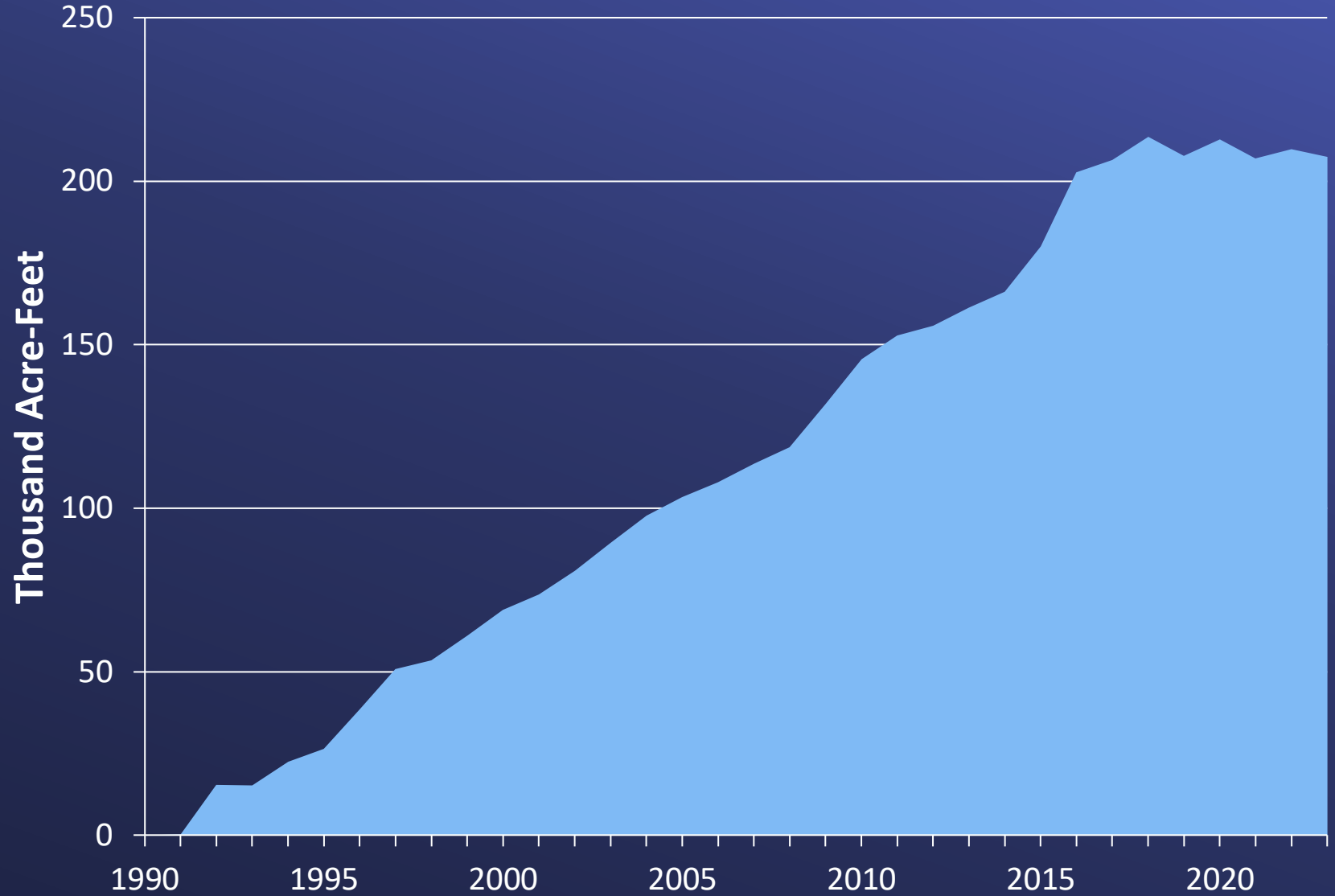
Note: Percentages may not total to 100% due to rounding.

Cumulative
Investment
as of
FY 2022/23

	Investment	Acre-Feet
Conservation	\$910 Million	3,898,000
Recycled Water	\$539 Million	3,130,000
Groundwater Recovery	\$198 Million	1,224,000
Total	\$1.6 Billion	8,252,000

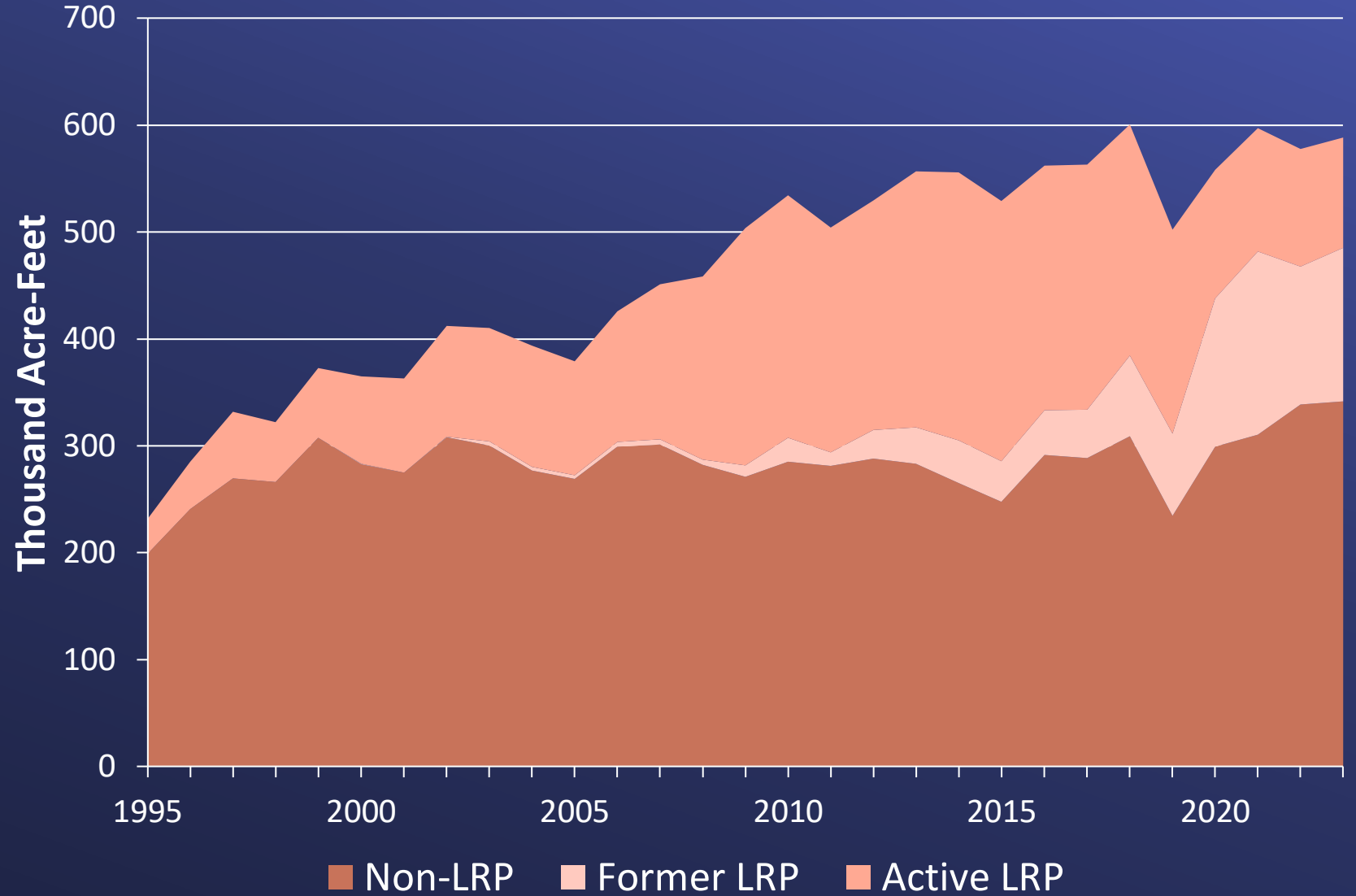
Incentive-based
Structural
Conservation
since 1990

Active Conservation Savings



Groundwater Recovery & Recycled Water

Local
Resources
Development
Since 1995



Reduction in GPCD over the years

Potable per capita water use has declined by nearly 40 percent since 1990

