

CHINO BASIN WATERMASTER PROPOSED ORDER RE: LOCAL STORAGE LIMITATION SOLUTION – “SKINNY STORAGE”

JUNE 25, 2021





WHY ARE WE HERE?

THE JUDGMENT AND THE PUBLIC INTEREST REQUIRE THE EFFICIENT USE OF THE BASIN'S GROUNDWATER STORAGE CAPACITY

- ❖ **PROMOTES WATER RESILIENCY AND SUSTAINABILITY**
- ❖ **CRITICAL SUPPLY IN ACUTE DROUGHT**
- ❖ **CRITICAL SUPPLY IN EVENT OF SEISMIC DISRUPTION (EARTHQUAKE)**
- ❖ **PROVIDES OPTIONALITY AND FLEXIBILITY – WITHOUT EXPENSE AND IMPACT OF SURFACE STORAGE**
- ❖ **HEDGE ON INCREASED COSTS**
- ❖ **PROVIDES AN INTEGRATED NETWORK FOR TRADING**

THE PARTIES HAVE EXCEEDED EXPECTATIONS IN STORING NEARLY 600,000 AF OF WATER WITH THE POTENTIAL TO SAFELY STORE UP TO 700,000 AF WITHOUT NEW FACILITIES

WATERMASTER SEEKS ADOPTION OF ITS PROPOSED ORDER AUTHORIZING THE MANAGEMENT OF QUANTITIES OF STORED WATER BETWEEN 500,001 AF AND 700,000 AF ON THE SAME PRECISE TERMS, RULES AND PROCEDURES NOW APPLICABLE TO ALL STORED WATER IN THE BASIN - RESERVING TO THE PARTIES, ALL EXISTING RIGHTS AND REMEDIES



Current Comprehensive Regulation of Storage

- Storage of any water in the aquifer storage capacity of the Chino Basin is subject to the control of Watermaster under the continuing jurisdiction of the Court. (Restated Judgment ¶¶ 11, 12, 14, 15; Exh. G, at ¶ 7, Exh. H, at ¶ 12.)
- Watermaster has discretionary powers, with the advice of the Pool Committees and the Advisory Committee, to prepare an OBMP to maximize the beneficial use of the resources of the Chino Basin. (Restated Judgment, ¶ 41.) In 2000, the Parties executed the Peace Agreement, a contract among the Parties that enabled the development of the OBMP Implementation Plan.
- Peace Agreement OBMP Implementation Plan established a plan for the administration of aquifer storage capacity and for the management, storage, recovery, and transfer of stored water, reserving discretion as provided therein. (See Peace Agreement § 5.2.) For the past 20 years, Watermaster has administered storage in Chino Basin according to the storage management plan described in Program Element 8 of the OBMP Implementation Plan, as directed by the Peace Agreement and as ordered by the Court.



Rights to Available Groundwater Storage Capacity

Available Ground Water Storage Capacity. There exists in Chino Basin a substantial amount of available ground water storage capacity which is not utilized for storage or regulation of Basin Waters. Said reservoir capacity can appropriately be utilized for storage and conjunctive use of supplemental water with Basin Waters. It is essential that said reservoir capacity utilization for storage and conjunctive use of supplemental water be undertaken **only** under Watermaster control and regulation, in order to protect the integrity of both such Stored Water and Basin Water in storage and the Safe Yield of Chino Basin. (Restated Judgment ¶11 at p.7.)

Utilization of Available Ground Water Capacity. Any person or public entity, whether a party to this action or not, may make reasonable beneficial use of the available ground water storage capacity of Chino Basin for storage of supplemental water; **provided that** no such use shall be made except pursuant to written agreement with Watermaster, as authorized by Paragraph 28. In the allocation of such storage capacity, the needs and requirements of lands overlying Chino Basin and the owners of rights in the Safe Yield or Operating Safe Yield of the Basin shall have priority and preference over storage for export. (Restated Judgment ¶12 at p. 7)



Supplemental Water

Ground Water Storage Agreements. Watermaster shall adopt, with the approval of the Advisory Committee, uniformly applicable rules and a standard form of agreement for storage of supplemental water, pursuant to criteria therefore set forth in Exhibit “I”. Upon appropriate application by any person, Watermaster shall enter into such a storage agreement; provided that all such storage agreements shall first be approved by written order of the Court, and shall by their terms preclude operations which will have a substantial adverse impact on other producers. (Restated Judgment ¶128 at p. 13.)

Accounting for Stored Water. Watermaster shall calculate additions, extractions and losses and maintain an annual account of all Stored Water in Chino Basin, and any losses of water supplies or Safe Yield of Chino Basin resulting from such Stored Water. (Restated Judgment ¶130 at p. 13.)



Watermaster Agreements for Surplus Carry-Over

Appropriative Pool. Any appropriator who produces less than his assigned share of Operating Safe Yield may carry such unexercised right forward for exercise in subsequent years. The first water produced during any such subsequent year shall be deemed to be an exercise of such carry-over right. In the event the aggregate carry-over by any appropriator exceeds its share of Operating Safe Yield, such appropriator, as a condition of preserving surplus carry-over, shall execute a storage agreement with Watermaster. (Restated Judgment Exhibit H, ¶12, at p. 69.)

Non-Ag Pool. Any member of the pool who produces less than its assigned share of Safe Yield may carry such unexercised right forward to exercise in subsequent years. The first water produced in such subsequent year shall be deemed to be an exercise of such carry-over right. In the event the aggregate carry-over by any pool member exceeds its share of Safe Yield, such member shall, as a condition of preserving such surplus carry-over, execute a storage agreement with Watermaster. (Restated Judgment Exhibit G ¶7 at p. 58.)



Injunction and Abandonment

Injunction Against Unauthorized Storage or Withdrawal of Stored Water. Each party, its officers, agents, employees, successors and assigns is and they each are ENJOINED AND RESTRAINED from storing supplemental water in Chino Basin for withdrawal, or causing withdrawal of, water stored by that party, except pursuant to the terms of a written agreement with Watermaster and in accordance with Watermaster regulations. Any supplemental water stored or recharged in the Basin, except pursuant to such a Watermaster agreement, shall be deemed abandoned and not classified as Stored Water. This paragraph has no application, as such, to supplemental water spread or provided in lieu by Watermaster pursuant to the Physical Solution. (Restated Judgment ¶14 at p. 8.)



OBMP

Watermaster Control. Watermaster, with the advice of the Advisory and Pool Committees, is granted discretionary powers in order to develop an optimum basin management program for Chino Basin, including both water quantity and quality considerations. Withdrawals and supplemental water replenishment of Basin Water, and the full utilization of the water resources of Chino Basin, must be subject to procedures established by and administered through Watermaster with the advice and assistance of the Advisory and Pool Committees composed of the affected producers. Both the quantity and quality of said water resources may thereby be preserved and the beneficial utilization of the Basin maximized. (Restated Judgment ¶7 at p. 19.)



PEACE AGREEMENTS AND OBMP

2000 Programmatic Environmental Impact Report– Safe Storage Capacity (SSC): 500k AF

Peace Agreement §5.2 establishes comprehensive procedures for the storage and recovery of water.

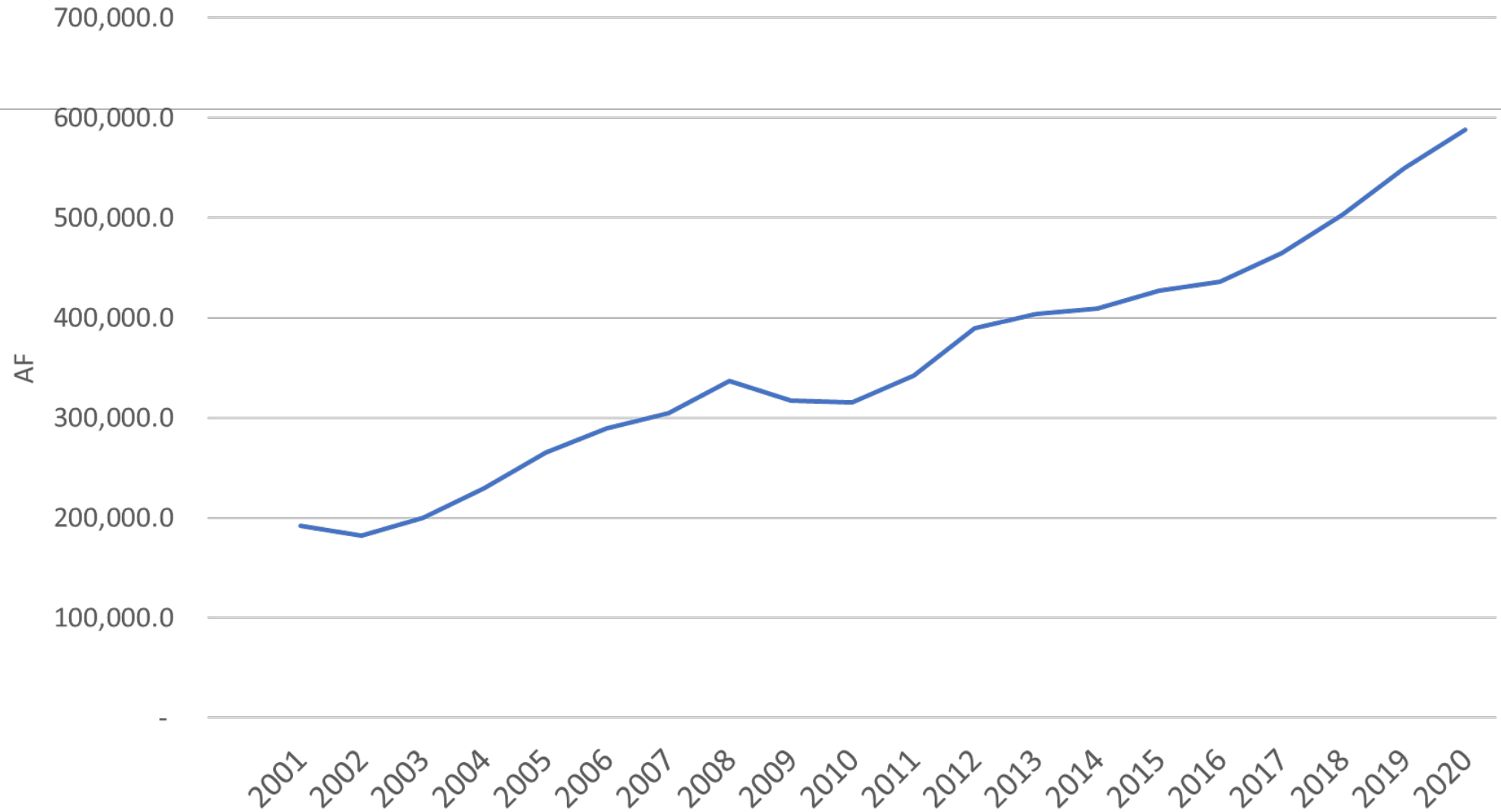
Peace Agreement §5.3 enables stored water to be transferred and recovered pursuant to established procedures.

Collectively the rules and procedures set forth in the Peace Agreement have established an orderly process to use the aquifer capacity of the Basin to store, recover and transfer water up to a current maximum of 500,000 AF.

2017: IEUA approves PEIR Addendum evaluating **temporary increase** to 600k AF through June 2021



Total Managed Storage





COURT'S CONTINUING JURISDICTION

Continuing Jurisdiction. Full jurisdiction, power and authority are retained and reserved to the Court **as to all matters** contained in this judgment, except...(Restated Judgment ¶15 at p. 9 - storage is not among the exceptions.)

Need for Flexibility. It is essential that this Physical solution provide maximum flexibility and adaptability in order that Watermaster and the Court may be free to use existing and future technological, social, institutional and economic options, in order to maximize beneficial use of the waters of Chino Basin. To that end, the Court's retained jurisdiction will be utilized, where appropriate, to supplement the discretion herein granted to the Watermaster. (Restated Judgment ¶41 at p. 19.)



LSLS / Skinny Storage / Proposal

- 2018: Watermaster conducts the Storage Framework Investigation
- 2020: the parties and Watermaster update the OBMP
 - Storage Management Plan is included, based on Storage Framework Investigation
- September 2020: the parties request Watermaster to work on the Local Storage Limitation Solution (LSLS; Program Element 8 only; “Skinny Storage”) to allow for continued use of Local Storage
- No consensus agreement or recommendations among the parties to the Judgment forthcoming as to alternative terms and conditions for use of storage capacity as of this hearing.

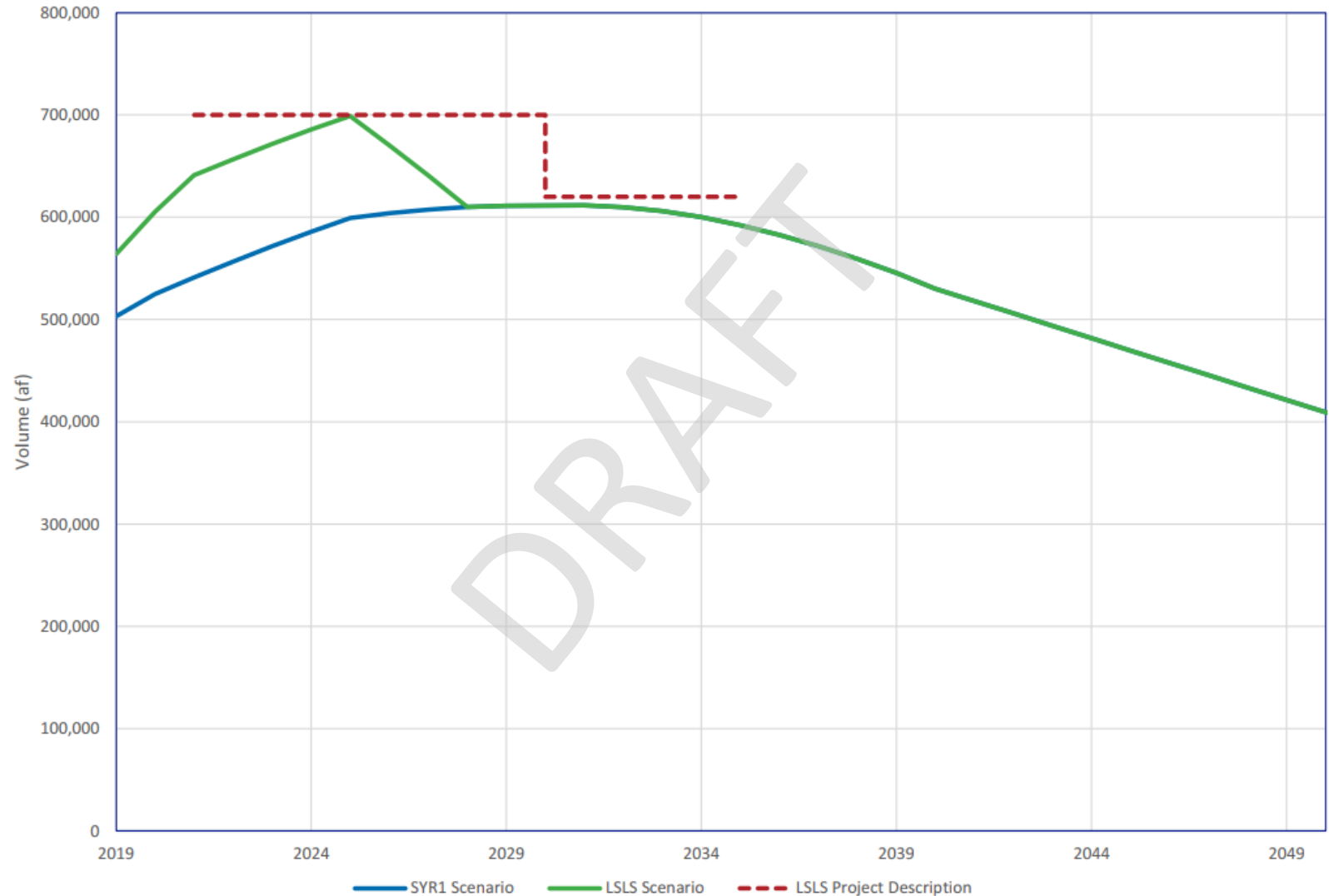


LSLS Project Description

Use of storage space up to **700,000 af** through FY2030

Use of storage space decreases to **620,000 af** from FY2031 through FY2035.

Planned End-of-Year Volume in Managed Storage for the SYR1 and LSLS Scenarios and LSLS Project Description





LSLS Addendum

- Adopted by the IEUA Board on March 17, 2021
- Environmental Review coverage for Local Storage activities (OBMP Implementation Program Element 8, or PE8): Addendum #2 to the 2000 OBMP PEIR
- LSLS contemplates storage up to 700kAF until 2030 and 620kAF until 2035
- Relies on technical analysis performed by Watermaster's Engineer (West Yost – **Mark Wildermuth**), based on stakeholders' projections and known commitments
- **NO SIGNIFICANT UNMITIGABLE ADVERSE ENVIRONMENTAL IMPACTS**



PEACE AGREEMENT AND OBMP RECORD OF SUCCESS

Since 2000 the parties have successfully stored, transferred and recovered water from the aquifer in accordance with the Peace Agreement procedures.

Watermaster has reviewed and approved storage related actions, openly and transparently among the parties for over 20 years without interruption.

Watermaster has annually accounted for and reported all quantities of water in storage to the parties and to the Court.

Watermaster has properly reported and applied losses where applicable.

The parties have rights to review and challenge transfers where they may cause Material Physical Injury.

Application of the Peace Agreement procedures have resulted in the largest quantity of groundwater held in storage water in the 6 counties of the MWD service area.



THE ASK

BY COURT ORDER, EXTEND THE RULES AND PROCEDURES SET FORTH IN THE PEACE AGREEMENT AND THE OBMP TO QUANTITIES OF STORED WATER BETWEEN 500,000 AND 700,000 AF AS PROVIDED IN THE LSLs.



Requested Findings

- The public interest is benefitted by the beneficial use of the Basin's storage capacity as described by the LSLS;
- No amendments to the Peace Agreements and the OBMP Implementation Plan were required to store quantities of water in excess of 500,000 AF as provided in the LSLS;
- Addendum No. 2 was adopted by the IEUA and found that there were no unmitigable significant adverse impacts attributable to the LSLS;
- The terms and conditions applicable to Local Storage of water in the Basin as set forth in the Peace Agreement and the OBMP Implementation Plan provide a consistent and logical framework for managing quantities of stored water up to the maximums set forth in the LSLS; and
- Although amendments to the Watermaster Rules and Regulations are not generally subject to Court approval, the parties' collective subject matter interest in storage warrants an exception requiring Court approval of proposed changes in this instance.



Requested Order

- 1. Watermaster manage all quantities of water held in storage in amounts from 500,001 AF up to a maximum of 700,000 AF until June 30, 2030 and thereafter a maximum of 620,000 until June 30, 2035, consistent with all provisions of the Peace Agreement and the Peace II Agreement applicable to the Local Storage of water within the Basin, without limitation, subject to further order of this Court;
- 2. Watermaster conform the Watermaster Rules and Regulations consistent with such order, subject to Court approval;
- 3. Watermaster implement the OBMP in conformance with such Order, the IEUA Addendum dated March 17, 2021 and the Court's April 28, 2017, March 15, 2019, and July 31, 2020 orders establishing a Safe Yield Reset process;



Requested Order, cont.

- 4. All of the parties' rights and remedies, whatever they may be, are expressly reserved, preserved and protected and made applicable to the quantities of stored water greater than 500,001 AF; and
- 5. The Court reserves jurisdiction to consider future proposals of Watermaster or the parties with regard to storage management.