

Recovery Implementation Activities

Dec 7, 2016



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Resource Planning & Analysis



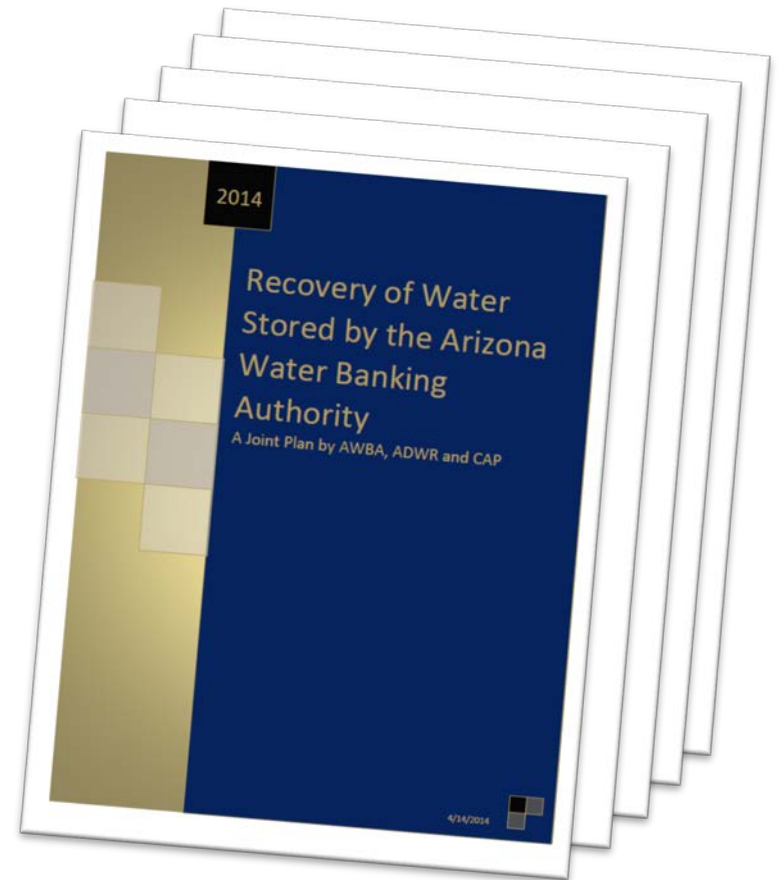
YOUR WATER. YOUR FUTURE.

AWBA Firming

- Firms a **portion of water going to Tribes** through Indian Settlements
- Firms **CAP M&I Priority pool**
- Firms **M&I Users On-River**
- **Interstate** banking obligations Nevada (SNWA)

Joint Recovery Plan

- Over time there have been a number of separate recovery planning efforts by AWBA, ADWR and CAWCD
- In 2014, a Joint Recovery Plan was developed by CAWCD, AWBA and ADWR
- Describes basic framework, methods, timing, volume, and potential partnering opportunities



Recovery Implementation

- Internal coordination and program development
 - Term Sheet of a Standard Form Recovery Exchange Agreement
 - Draft Recovery Exchange Agreement
 - Recovery Funding Discussions (Board Retreat & Finance Discussions)
- Meetings with potential recovery partners
 - Pending recovery agreements (SNWA, AWC, and others)
- Coordination with AWBA and ADWR
 - Data coordination and modeling update efforts
 - IGA between AWBA and CAWCD for Indian NIA firming
 - Interstate firming
- Coordination with Reclamation
 - Sharable Draft– CAP System Use Agreement
- Technical studies
 - TDRP – findings due soon

CAP System Use Agreement

- CAP SUA Content
 - **Firming** (assoc. Firming Agreements)
 - **Wheeling** (assoc. Reclamation & CAWCD Agreements)
 - **Exchanges** (assoc. Exchange Agreements)
 - Priorities
- Agreement Status (Draft -> Signed document)
- Next Steps for Implementation
 - Water Quality (early 2017 – study session with Board; develop uniform water quality standards with BOR)
 - Policy for Funding System Improvement Projects

Next Steps - SUA

- Dec 1 – Consideration of Action to delegate authority to Executive Committee to approve SUA before January 5, 2017, (if United States is prepared to sign)
- December 5, 2016 – Tribal comments due
- December 7, 2016 – Meeting with BOR to review comments and finalize SUA
 - **ASSUMING SUA FINALIZED -**
- *December 9, 2016, – Transmit to CAP Board, post final SUA on CAP website,*
- *After December 9, but before CRWUA – CAP Executive Committee meeting to consider action approving SUA*
- *CRWUA – Execution of SUA on behalf of the United States and CAP*
- *January 5, 2017 – CAP Board ratification of Executive Committee action*

Firming -SUA

- “Firming Water” is available to satisfy reductions to CAP contract orders due to shortage or unplanned outage
 - Includes tribal contracts and non-tribal subcontracts
- Sources of firming water are identified
 - Methods include both **direct recovery** into the canal, and **exchanges**
- CAWCD can deliver firming water **without** a separate wheeling agreement
 - Non-Federal contractors enter into Firming Agreements with CAWCD for delivery/receipt of Firming Water
 - Federal contractors enter into agreements with Reclamation for delivery/receipt of Firming Water

Ways CAWCD Can Recover

- **Direct Recovery**

- Pump (through new or rehabbed wells) and introduce directly into the CAP system (treatment maybe needed)

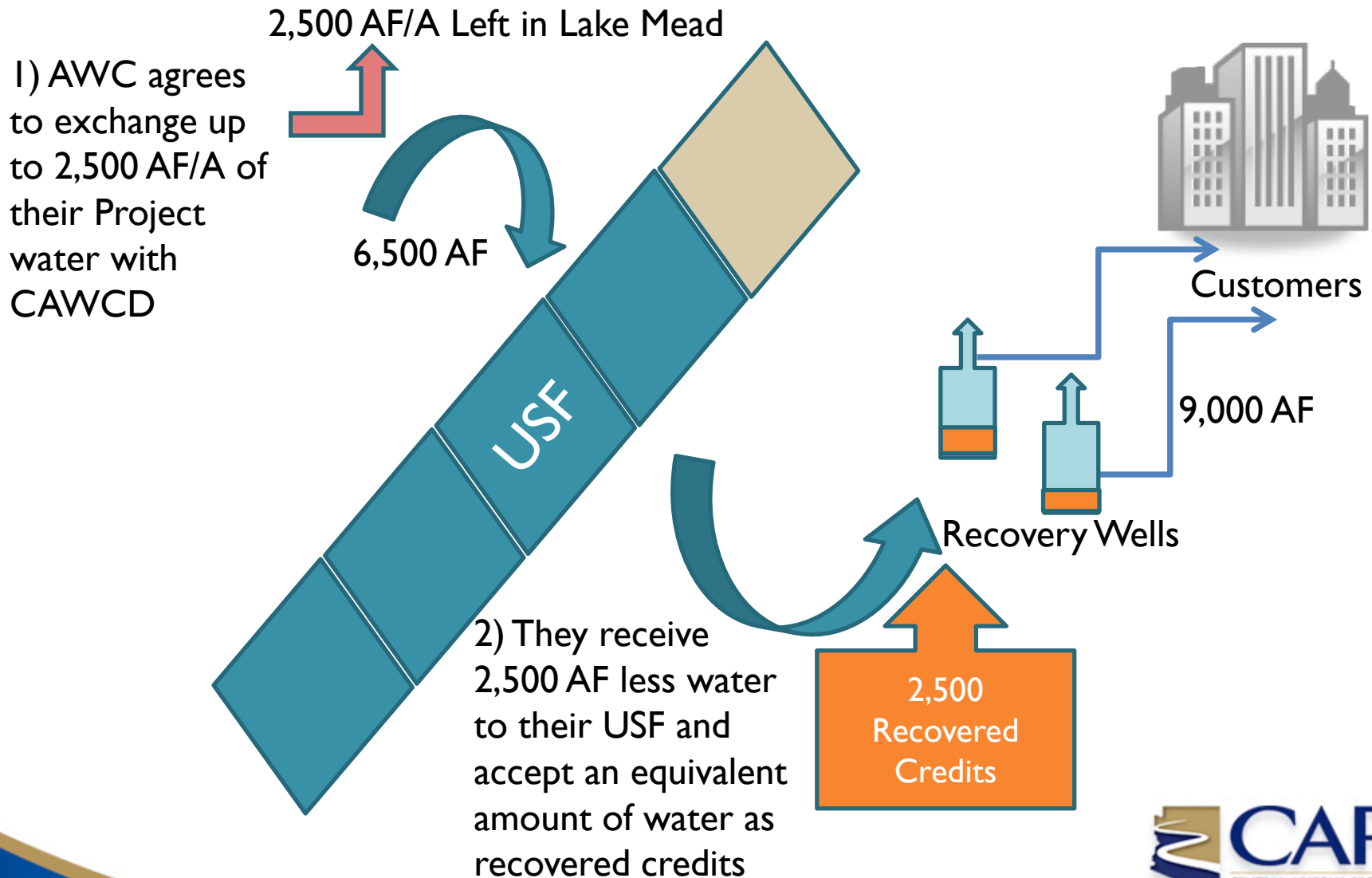
- **Exchange Agreements** (CAP System Use Agreement)

- Enter into an Exchange Agreement with a long term contract holder willing to receive recovered credits
- CAWCD recovers AWBA credits and exchanges this firmed water for the exchange partner's Project water
- This Project water can then be redirected by CAWCD to meet AWBA's firming obligations & partner uses recovered water

Recovery Exchange Agreement

- Between CAWCD **and** Long Term Contract holder
- **One** for **one** wet water exchange
- **Recovered** LTS credits **for** Project water
- CAWCD will only exchange recovered credits stored in **facility acceptable** to partner
- **CAWCD must hold the recovery well permit** in order to exchange recovered water but the **partner has full control of its wells**
- Exchange partner pays all costs that would have otherwise been associated with delivery of the Exchange partner's full CAP water order or available supply
- CAWCD shall pay the Exchange partner **\$15 per acre-foot** of CAP Project Water received **plus** any operational costs that would have not otherwise occurred

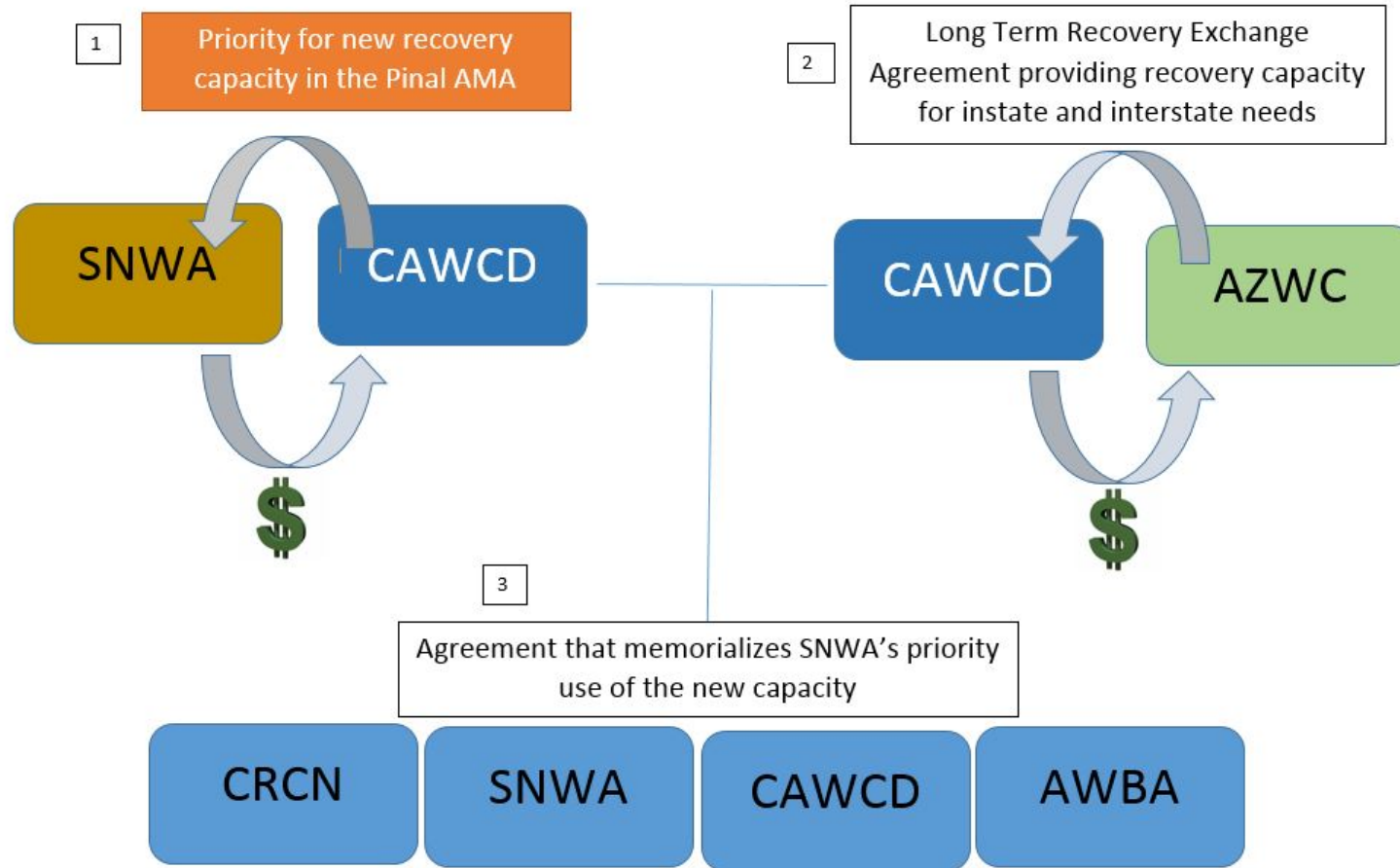
How AWC Recovery Exchange will work



Partnership with AWC in Pinal

- CAWCD would advance \$1M, received from SNWA, to AWC to assist in building a new USF in Pinal AMA
- In return for the \$1M, AWC would agree to enter into a 26 year recovery exchange agreement with CAWCD to provide guaranteed long term recovery capacity for both interstate and instate firming needs in the AMA (2025-2050)
- SNWA's financial contribution would give them priority to 2,500 AF/A at no additional cost, and in years in which SNWA does not need the capacity, CAWCD can use for instate recovery needs

Nature of Agreements



Cost of Recovery

- **Up front costs** (needed **before** recovery occurs)
 - Smaller scale, near term, opportunistic
 - \$1-3 M (rehab wells, other small scale projects)
 - Large scale, planned infrastructure projects
 - TDRP \$30-80M in upfront capital: recovery wells, treatment
- **Annual costs** accrued **in year recovery occurs**
 - Annual O&M of recovery wells
 - Incentive Payments to Exchange Partners
 - State Recovery Fees
 - Credit Transfer Fees
 - Wheeling Fees if using third party infrastructure
 - Capital costs for infrastructure
 - Fixed and variable CAP water delivery charges for direct recovery

Technical Studies



TDRP – Borehole Drilling



TDRP – Borehole Drilling



Montgomery and associates
obtaining water samples





CAP

CENTRAL ARIZONA PROJECT

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