



**San Diego County
Water Authority**

Our Region's Trusted
Water Leader

Lewis Carlsbad Desalination Plant *A Climate Resilient Water Supply for San Diego*

Sandy Kerl, Acting General Manager

Regional Water Quality Control Board

May 8, 2019

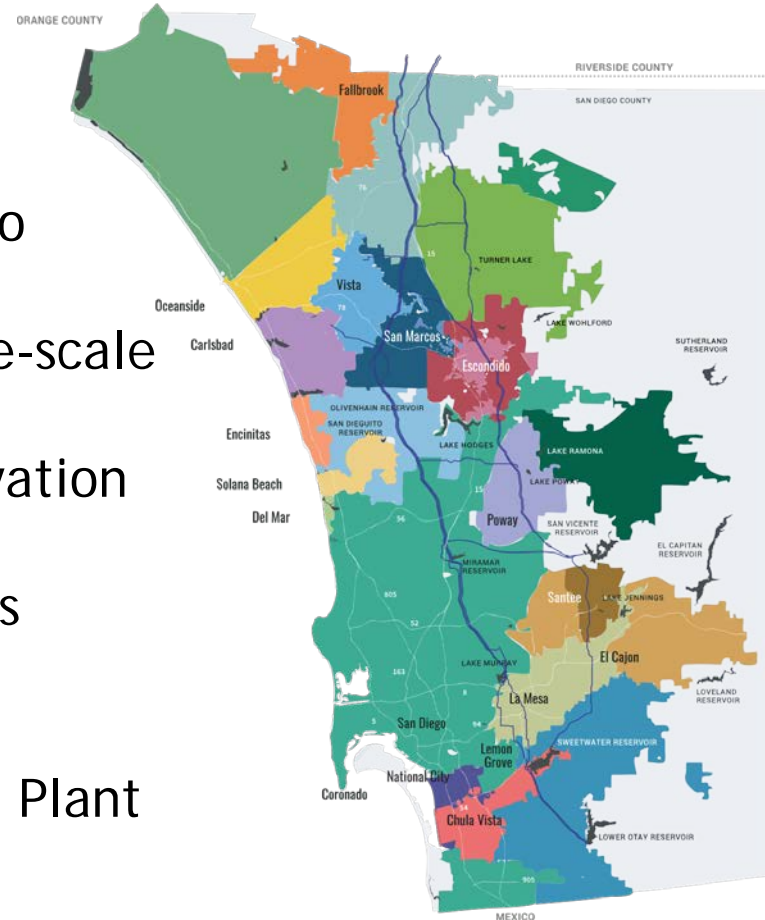
San Diego County Water Authority

Wholesale water agency created by state Legislature in 1944

- Serves 3.3 million people and region's \$231 billion economy
- 24 member agencies (retailers)

Provides about 75% of water used in San Diego County

- Builds, owns, operates and maintains large-scale regional water infrastructure
- Created largest ag-to-urban water conservation & transfer agreement in U.S.
- Invested more than \$2.5 billion in facilities (desalination, pipelines, treatment and reservoirs) in the past 20 years
- Sole purchaser of water from the Carlsbad Plant



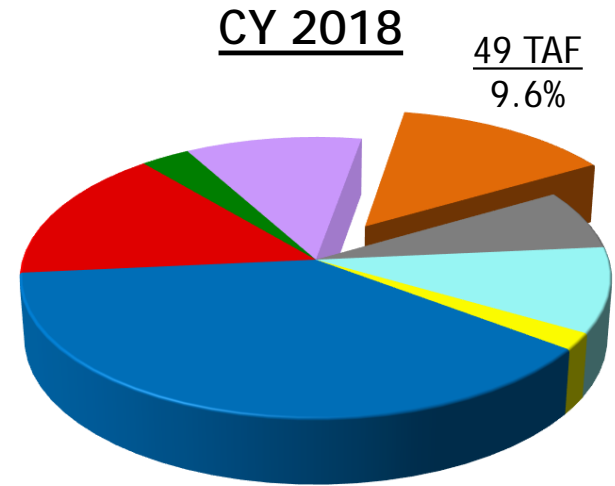
Lewis Carlsbad Desalination Plant

- Largest, most advanced seawater desalination facility in North America
- 10% of the region's water supply
- \$1 billion ratepayer investment in water supply reliability
- 48,000 - 56,000 acre-feet/year



The Plant Is Part of A Diverse Water Supply Mix

- State certified as a drought-resilient water supply
- Strong public support
- Improves regional water quality
- Helps to sustain recycled water production during a shortage
- Key to the region's strategy to develop a "water resilience portfolio" in keeping with Gov. Newsom's April 29 directive



Total = 506 TAF



A Successful Public Private Partnership (P3)

- *Risk Transfer* to the private sector
- *Price certainty* throughout Water Purchase Agreement term
- *Buy-out provisions* after 10 years of operation
- *Transfer to public ownership* at the end of the 30 year agreement



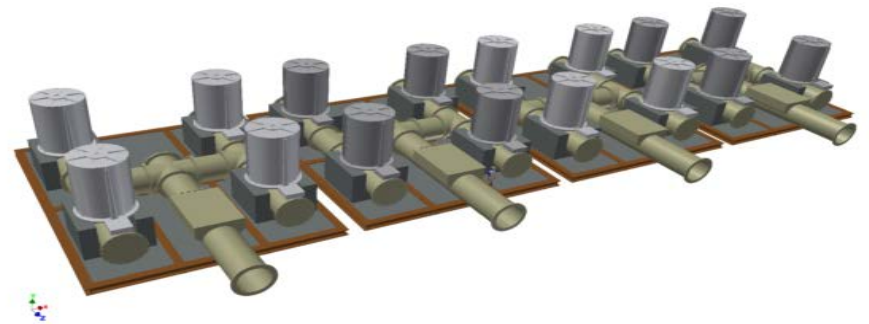
New Intake and Discharge Facilities

- *Water Authority Perspective:*
 - Water Authority has been working with Water Board staff since 2014 on OPA and Permit development
 - Thank you to Water Board staff for all their efforts to get us to this point
 - We fully support the proposed facilities
 - The new facilities represent a substantial investment in new technology that will enhance protection of the marine environment
 - The new facilities will be implemented under the same risk transfer protections as the Plant















Water Authority Support for The Revised TO

- The recommended Water Code Determination:
 - Supports an investment in flow augmentation that is consistent with OPA provisions that address the unique circumstances of the CDP
- The compliance schedule will help to ensure that the plant continues to operate
- The Water Authority fully supports the staff recommendation and requests adoption of Revised Tentative Order No. R9-2019-0003 with errata



Carlsbad | Project Risk Allocation

Risk Description	Poseidon	SDCWA
Permitting		
Financing		
Interest Rate		
Construction		
Technology		
Operating Performance		
Pipeline Operating Risk		
Electricity	 <i>Consumption</i>	 <i>Pricing</i>
Water Demand		
Regulation		

Risks Transferred

- Construction and Operating Cost Overruns
- Timely Project Completion
- Regulatory and Law Compliance
- Regulated or Differing Site Conditions
- Capital Maintenance, Repair and Replacement
- Labor Supply and Relations



Risks Retained by Water Authority

- Changes in Law that affect all desalination plant operators or wastewater dischargers (*Ocean Plan Amendment*)
- Cost of Intake Modifications due to power station closure (*also a change in law*)
- Uninsurable Force Majeure Events
- Unusual Raw Seawater Water Parameters (no additional compensation)
- Retained risks are “uncontrollable circumstances”