



IRP Policy Discussion

Integrated Resources Plan Special Committee

Item 6a

January 26, 2021

Overview

- IRP past and current reliability goal
- IRP scenarios put reliability to the test
- Reliability needs vary with future outcomes
- Feedback from member agencies
- Next steps
- Discussion

Why Talk About Reliability Now?

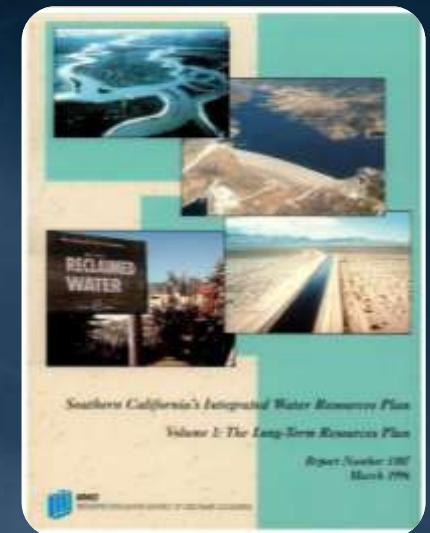
- Allows us to move forward with evaluating the portfolio options/actions
- Received feedback on the meaning of various levels of reliability from member agencies

Past and Current IRP Reliability Goal

Full capability to meet all retail-level water demands under all foreseeable hydrologic events

1996 IRP established ...

- Metropolitan would provide all of the firm wholesale water demands to its member agencies in 98 out of 100 years, and only in the remaining years consider implementing a shortage allocation plan for imported supply deliveries
- When this level of wholesale reliability is combined with the coordinated approach proposed in this resources plan, the region will have the full capability to meet all retail-level water demands at all times

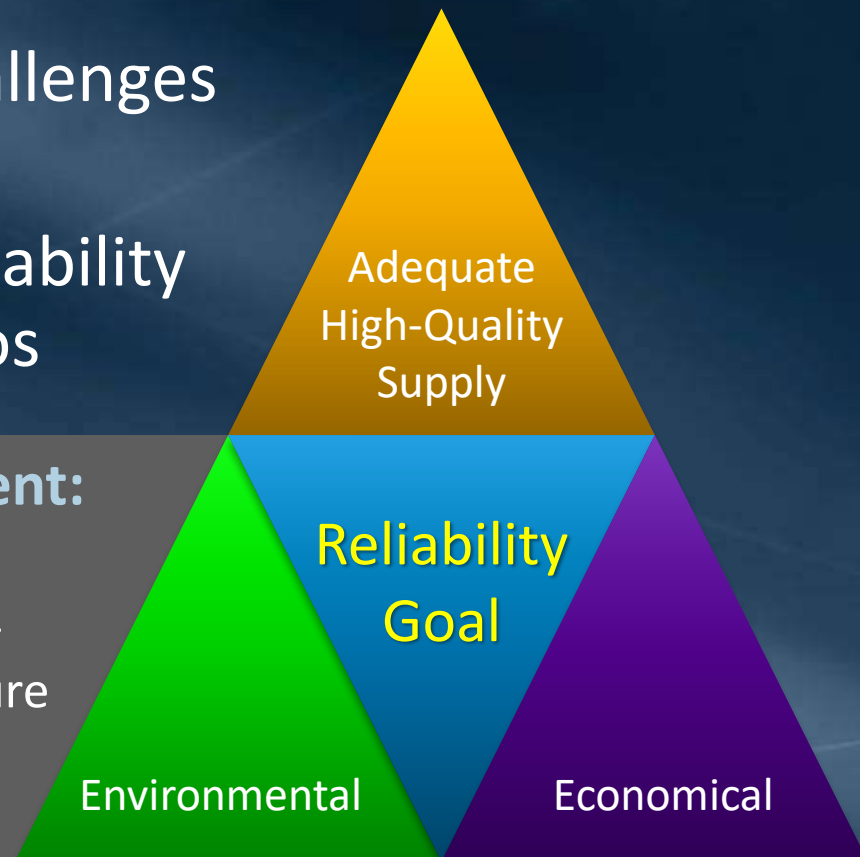


IRP Scenarios Put Reliability to Test

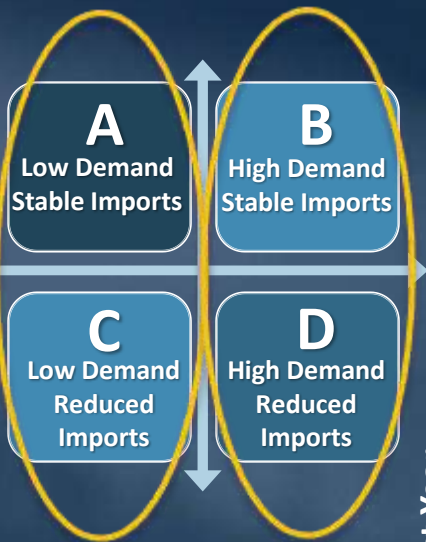
- Scenarios examine more than hydrologic variability
- Scenarios broaden our view of “foreseeable” conditions
- Scenarios reveal different challenges to reliability
- Policy tradeoffs to meet a reliability goal are informed by scenarios

Metropolitan’s Mission Statement:

“...to provide its service area with adequate and **reliable** supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.”

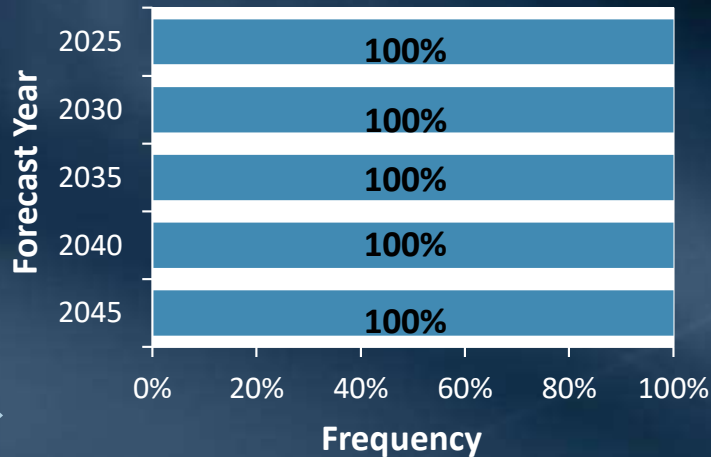


Reliability Needs Vary with Future Outcomes

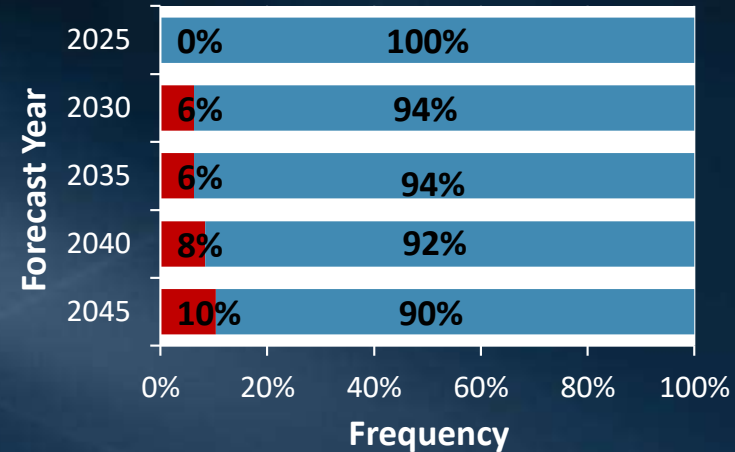


Results from preliminary analysis. Subject to change.

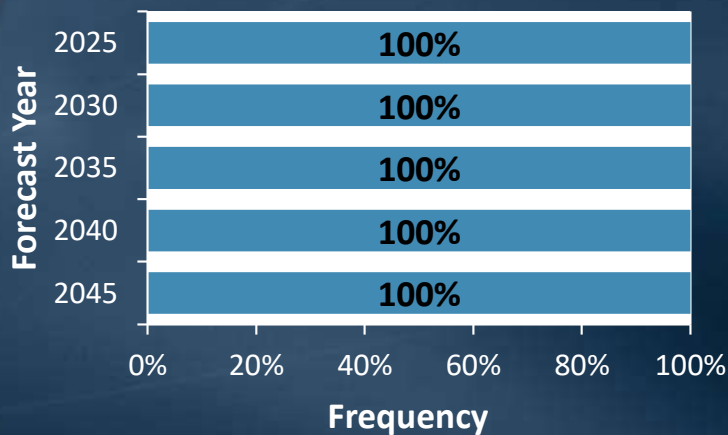
SCENARIO A



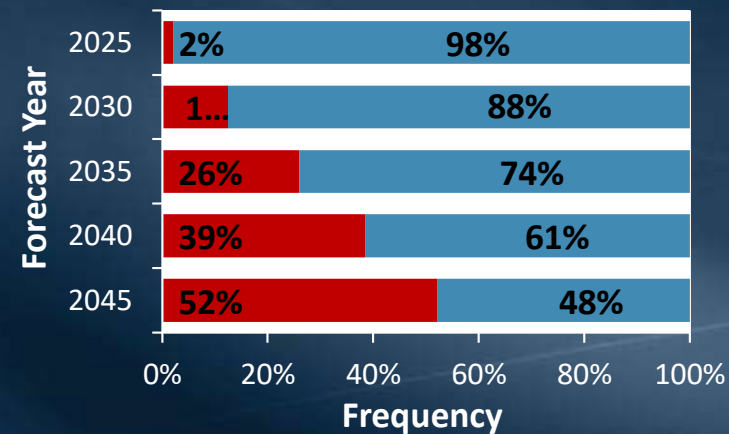
SCENARIO B



SCENARIO C



SCENARIO D



Feedback from Member Agencies

Continue to Target 100% Reliability

- Important that we are not planning for unreliability
 - Financial and institutional integrity
 - Difficult to selectively implement unreliability
 - Risks to public perception
- Member agencies may have different needs but expect Metropolitan to be there when needed
- Consider methods to reach 100 percent reliability
 - Reflect that consumers do respond to conservation messaging in dry years (this is different than rationing)

Regional Advantages

- Metropolitan's infrastructure is a pooled resource that provides collective benefits when used by member agencies
- Costly to duplicate supply distribution and treatment facilities
- Each member agency has its own risk tolerance
 - **Current structure allows choice**
- Member agencies may choose to continue to rely on Metropolitan
- Metropolitan currently stands ready to provide supplies, if a member agency loses a local source

Rates and Services Should Reflect Changing Needs of Member Agencies

- Rate refinement process can consider whether needs have changed
 - Pricing structure can encourage/discourage some solutions
- Regional infrastructure and system were designed and built to be integrated and shared
- Metropolitan enabled collective investments in a diverse portfolio and development of local supply
- Perceived value of supplemental supply services can change abruptly and over time

Next Steps

- Continue scenario and portfolio analysis with 100% reliability goal
- Receive Board feedback on this approach
- Incorporate input into analysis of portfolios that can achieve reliability goal (under each scenario)

Discussion

