

# Agenda Item 2

## AWBA agreements related to implementation of the LBDCP in Arizona

AWBA Special Meeting  
May 10, 2019

Presented by  
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# AZ LBDCP Implementation Plan

- **Mitigation**

- Wet water CAP deliveries
- Compensated mitigation when wet water insufficient
- Funding for groundwater infrastructure for CAP Ag

- **Offset**

- System conservation and ICS creation used to replace CAP ICS used for mitigation
  - Pre-firming for US Tribal firming obligation (100 KAF ICS)
  - Pre-firming for Arizona's AWSA firming obligation (50 KAF ICS)



# Mitigation Component

- 2020-2022
  - Fixed volume for CAP Ag, based on annual tier
  - 100% mitigation for NIA Pool (determined annually)
- 2023-2025
  - No CAP AG Mitigation (except groundwater infrastructure)
  - M&I and Indian Priority fully mitigated first
  - NIA vol. based on actual orders/operating conditions
  - NIA 75% under T1 & T2a (until no supplies)
  - NIA 50% under T2b (until no supplies)
- 2026
  - No mitigation
- No mitigation in T3



# LTSC Exchange Agreement

- Approved by Commission March 20, 2019
- Credit exchange facilitates storage by CAP subcontractors at Pinal GSFs for partial wet water mitigation during Tier 1 and 2a. shortages
- Parties presenting agreement to respective governing bodies for approval
- Adjustment to Exhibit A regarding distribution of storage at GSFs



# CAP NIA Mitigation Agreement

- Describes mitigation supplies for NIA priority pool, including reduction in mitigation percentages in subsequent years
- Captures mitigation commitments applicable to Excess/AG priority pool
- Provides that AWBA agrees to calculate its firming obligations/commitments prior to inclusion of mitigation resources



# Development of ICS Firming Credits

- Community agrees to create 50 KAF of ICS to
  - 2019 (12.5 KAF)
  - 2020 (37.5 KAF)
- Accrues 45 KAF ICS credits after one-time 10% loss reduction
- Community agrees not take delivery of ICS before December 31, 2026



# Development of ICS Firming Credits

- AWBA agrees to pay for creation of 50 KAF of GRIC ICS for firming purposes (45 KAF credits)
  - 2019 - minimum of \$2.5 million @ \$240/AF
  - 2020 - remaining balance @ 247.20/AF or as installments using agreed upon rate schedule (\$240/AF + 3% annual escalator no compounding)
- “ICS Firming Credits” considered an additional method for satisfying a firming obligation
- After 2026, ICS Firming Credits are used before other firming resources identified in the 2015 IGA



# AZ LBDCP Framework Agreement

- Captures components of Arizona's plan for implementing LBDCP
- Describes mitigation and offset components & references numerous agreements as exhibits
- Recognizes importance of AWBA's role:
  - LTSC Exchange Agreement
  - ICS Firming Credit Agreement with GRIC
  - M&I firming Policy
  - Firming obligations/commitments calculated prior to inclusion of mitigation water





# Questions?

