Revised Draft Agenda for “Economics and Policy” Desalination Benefit-Cost Analysis Workshop

To be held at the Department of Water Resources, Hearing Room A, Bonderson Building, 9th and P Street, Sacramento, CA Thursday, November 9, 2006

Revised draft of Oct 16

Introduction and Motivation for Workshop:

- Brent Haddad, PI: (8:30 – 8:45)
  - Welcome, introductions, agenda, and goals
  - Summary of September 25/26 “Ecological” workshop

- Fawzi Karajeh, CA DWR: (8:45 – 9:00)
  - How is desal different from other water supply alternatives? What unique opportunities (and unique challenges) does it offer?
  - Where does desal fit within the state’s long run water plan

- Bob Raucher (9:00 – 9:20)
  - Introduction to the Benefit-Cost Analysis (BCA) framework
    - The overall intent of the “Planning Tool” to be developed by the project
    - What the “Tool” is likely to be, and what it is NOT likely to be (including some limited examples based on Water Reuse Foundation project)
  - Posing the Sequence of Core Questions for this Workshop
    - Where and how could a BCA perspective fit within the planning and evaluation process for various relevant local, state, and federal agencies? Where and how does it fit for other key stakeholders?
• Who is the target user audience(s) for the BCA Planning Tool?

• Distinguishing project-level use of BCA framework from programmatic applications of the policy tool

  ▪ What desal-related questions or concerns are most critical to the mission and objectives of the potential Tool-using entities? (i.e., what are the BCA-relevant issues that are of core interest to likely Tool users?)

  ▪ What issues should be included as focal points for the BCA tool, to help provide insights for relevant stakeholders and for decision-makers at state and local (and perhaps federal) levels?

  ➤ Bob Wilkinson: (9:20 – 9:30)

    o Comments and embellishments on the workshop introduction and objectives

  ➤ Moderated Q&A, and open roundtable discussion of the above issues (9:30- 9:45).

**Session 1: Where and How might BCA fit into the Planning and Permitting Processes?**

*Ed Means, Moderator  (9:45 to 11:00)*

➤ What are the general planning issues of interest for desal, and how might BCA help?

  o How do perspectives, roles, and key issues vary between local, regional, and state agencies? How do they vary across (or even within) state agencies? What is the federal role in planning and what are core federal agency issues?

➤ What are the key regulatory and permitting processes and issues of core relevance, and how might BCA help?

  o How do perspectives and key issues vary between local, regional, and state agencies, and between state agencies? What is the federal role in regulatory and permitting processes and what are core federal agency issues?

➤ What is the role of local and regional public officials (e.g., mayors, Boards), and stakeholders, and how might the BCA Planning Tool fit in constructively?

  o Is there a constructive path to more consolidated (streamlined) permitting?

➤ Brent Haddad provides summary observations, moderates any Q&A
Break (11:00 to 11:15)

Session 2: What are the core issues that BCA may help inform?

Bob Raucher, Moderator (11:15 – 12:30)

➤ Defining the baseline

 o To what extent is Once Through Cooling (OTC) at coastal power plants a fading option in CA? (Should coastal desal be viewed in a much more stand-alone mode than co-located with feed-water coming from OTC power plant intakes?)

 o What really happens by 2030 if we do not add desal into the CA water supply portfolio?

 o What are the options to which we compare desal? Conservation? Reclamation? Others?

 o To what extent will desal really offset instream flows extractions or excessive groundwater extractions (i.e., are we really only adding to net supply, or are we doing some environmentally-valuable trading)? How can we secure real offsets?

 o To what extent does desal help agriculture (e.g., ease the urban-ag tensions over water)? Do we care?

 o To what extent is growth really the core (or a core) issue? If so, does desal indeed enable more growth than would happen anyway?

 o What does climate change mean for the forecasted baseline and needs, absent desal?

➤ Feed-water Intake

 o Coastal Facilities (co-located with OTC power plants)

 o Coastal facilities (stand alone)

 o Inland groundwater
Product water
  - Intended uses of desal water
  - Drinking water quality issues and implications for desal-generated supplies (e.g., DBPs, corrosivity, chlorine residual)

Concentrate Management and Discharge
  - Coastal Facilities (co-located with OTC power plants)
  - Coastal facilities (stand alone)
  - Inland groundwater

Energy demands, greenhouse gas and other emissions, and implications

Other issues (as identified in Section 1)

Steve Kasower provides summary observations, moderates any Q&A

Lunch (12:30 – 1:30)

Session 3: Who Benefits from Desal, Who Pays, & What are the Implications and Options?

Brent Haddad, Moderator (1:30 – 3:00)

- What are the unique and/or highly valued benefits offered by desal
  - How do we make sure they are included and realized?

- What are the unique and/or highly valued costs imposed by desal
  - How do we make sure they are included in the BCA and/or mitigated?)?

- What are the environmental justice and other equity issues that should be factored into the planning tool?

Break (3:00 – 3:15)
Session 4: Costs, pricing, financing, and implementation

Bob Wilkinson, Moderator  (3:15 – 4:45)

➢ Rate-setting implications of desal
  o Cost elements for desalted water compared to other water sources
  o Efficiency, equity, and other concerns/issues

➢ State or federal subsidies: what are the options, rationales, and implications for efficiency and equity?
  o Externalities and other bases for justifying cost sharing and subsidies
  o Possible distortions, inefficiencies, and inequities associated with potential subsidization and rate-setting options (e.g., the distortions of subsidized energy for desal).

➢ What are possible roles for the private and public sectors in developing and financing (and owning) desal facilities?

➢ Summary of discussion (Steve Kasower)

Wrap Up and Adjourn  (4:45 – 5:30)

Brent Haddad