

**January 15, 2011**  
**Method 4 Update**  
DWR Water Use and Efficiency Program

**Method 4 – Current Status:**

DWR staff have reviewed the comments and survey input received in December. DWR considered the suggestion to return to and revise DWR II and the BMP Calculator as stand-alone alternatives. After reviewing these alternatives again, DWR staff does not think either one can serve as a stand-alone target Method 4. DWR staff will explain the limitation of each method at the USC meeting on January 21.

DWR will send the USC a revised Method 4 proposal on January 18<sup>th</sup>. This proposal builds from the Hybrid B alternative presented on November 19<sup>th</sup> and was improved based on the feedback from USC members following the November 19th webinar as follows:

- The ETo factor was removed
- The proposal was reorganized to simplify and make it easier to understand
- A second or default option for the indoor residential savings was included for agencies that don't have the data readily available to use with the BMP calculator option.

DWR is releasing Method 4 as a “provisional” for suppliers to use in calculating their targets for their 2010 urban water management plans. By 2015, DWR will work to improve how the landscape and water loss savings are calculated as allowed for by SBX7-7.

**Method 4 – Next Steps:**

The USC and U4 Subcommittee have worked tirelessly in support of this challenging effort. You have provided your own original ideas, and thoughtful insights on work by DWR. Collectively, we have used this focused opportunity to advance our common understanding of diverse stakeholder interests and conditions, and to try and create a balanced solution. The timeframe to create this solution has taken longer than hoped yet the future legislative milestones remain. As advised by you and other stakeholders, DWR needs to move this process along so that water districts can effectively prepare their Urban Water Management Plans in the near future. DWR has decided it is time to advance a draft Provisional Method 4 proposal into the public review process with a collective understanding that the outcomes of your pending discussions, the public review process, and California Water Commissions decisions all result in an outcome that will be subject to further adaptive review and potential revision as more is learned in the coming years.

In this context, the following describes recent and next steps in the Method 4 process:

January 13 – DWR staff presented a Draft Provisional Method 4 proposal to the DWR Director for internal review and consideration. The DWR Director has approved this Draft Proposal for distribution to the USC and the general public.

January 18 - DWR will send a Draft Provisional Method 4 to the USC

January 20 – DWR will release a Draft Provisional Method 4 proposal for general public review.

January 21 – The USC will meet to discuss a Draft Provisional Method 4 proposal. Identical to the process used for U3 in 2010, the purpose of the discussion will be for the USC to provide perspectives about the public proposal. DWR will take this information and conduct additional consideration of potential changes to the proposal. Should such changes be deemed appropriate, DWR will not revise the public draft proposal however, staff will prepare caveat statements to be made / provided at pending public workshops about the Method 4 proposal and USC input (see description below regarding public workshops).

January 25 – DWR will conduct a Method 4 Tutorial Webinar Workshop for all interested members of the public and the USC. The purpose of this tutorial workshop is to explain the method in advance of the public workshops so that organizations / individuals are better prepared to ask questions and

comment on the method. The webinar will provide the information and materials for organizations / individuals to give the proposed Method 4 a “test drive” before the public workshops.

January 27 and 28 – Method 4 Public Workshops in Northern and Southern California (locations to be determined ASAP). Consistent with legal requirements, DWR will conduct in-person workshops to answer questions and collect public comments about a Draft Provisional Method 4 proposal. One of these workshops will also be available via the web. USC members are encouraged to participate in these workshops as your time permits and to provide formal input to DWR in addition to comments already provided through the USC process.

February 2 – Public Comments on a Draft Provisional Method 4 proposal due to DWR.

February 13 – DWR completes any revisions to a Draft Provisional Method 4 proposal.

February 14 – DWR submits a Provisional Method 4 proposal to the California Water Commission (CWC).

February 16 – CWC Meeting in Sacramento. DWR presents a Provisional Method 4 proposal to the CWC.

**Relationship between Method 4 and the Industrial Process Water Regulation Approval:**

In the past few weeks an interesting development has occurred during the final review of the Emergency Regulation for the Industrial Process Water (U5). The Office of Administrative Law (OAL) approved the Emergency Process Water Regulation and, during the course of their review, OAL informed DWR that the technical methodologies (U3), that was published in October 2010, and the 4<sup>th</sup> target method (U4), currently under development, also need to be included in the rulemaking process because they provide guidance and are associated with the Industrial Process Water regulation.

This surprised DWR for two reasons. First, DWR routinely provides similar guidance documents to the public to assist in interpreting statutory requirements for other department programs. Second, unlike the statutory language for process water, neither U3 nor U4 required a formal rulemaking process.

However, in the interest of maintaining transparency of the SBX effort, and ensuring that all regulatory requirements are met, DWR is considering including the U3 report and U4 documents, when in final form to the rulemaking process through a process known as “incorporation by reference”. This process was the recommendation of OAL. It allows for the documents to be incorporated into the Permanent Regulation for the Industrial Process Water and to undergo formal public review.

DWR does not anticipate any functional difference with how the technical methodologies or the Method 4 are used by water suppliers due by the incorporation requirement. With the exception that any future changes to the document such as the addition of the criteria for compliance year adjustment methodology to U3 or a revision to the 4<sup>th</sup> method will have to go through the rulemaking process.

DWR plans to present the Permanent Regulation for Industrial Process Water and the Methodologies document (U3) to the California Water Commission for their review and possible action on January 19, 2011. The Method 4 document will be submitted to the CWC on February 16, 2011 and then to OAL for incorporation by reference into the rule making process.

**Closing:**

In closing and as always, DWR cannot thank you enough for your dedication and hard work on Method 4 and all the other SBx7-7 Urban Water Use Efficiency topics. There is still much to do on a range of other projects from SBx7-7. We look forward to the discussion next week and in the coming weeks regarding Method 4.

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