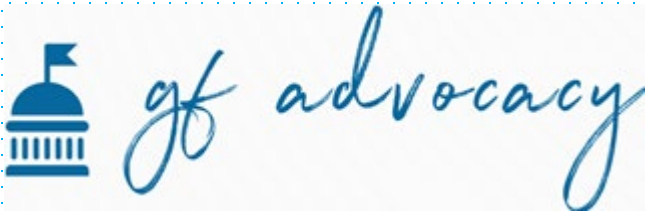


San Geronio Pass Water Agency Legislative Update



June 2, 2025

State Legislature

- Notable upcoming deadlines/milestones:
 - **June 6** – House of origin deadline
 - **June 15** – Legislature's budget approval deadline
 - **July 1** – Beginning of new fiscal year
 - **July 18 – August 18** – Legislature's Summer recess
 - **September 12** – Last day of 2025 legislative session
 - **October 12** – Governor's deadline to act on legislation



State Budget Update

- **January 2025**
 - Governor's proposed State Budget: \$350M projected surplus
- **May 2025**
 - Governor's proposed May Revise State Budget: \$12B projected shortfall
 - Legislative Analyst: \$14B projected shortfall
- Budget subcommittees in each House are wrapping up budget oversight – focus has been on:
 - Proposition 4 roll-out
 - Greenhouse Gas Reduction Fund expenditures (plus cap/trade reauthorization)



State Water Contractors Budget Engagement

- **Proposition 4 Priorities**

- Conveyance subsidence
- Instream flows
- Stream gages
- Multi-benefit local resiliency projects
- Delta levees
- Golden mussels
- SWP recreation

- **Greenhouse Gas Reduction Fund**

- Oroville pumped storage:
 - 2025-26 = \$30 million
 - 2026-27 = \$100 million
 - 2027-28 = \$100 million
- Conveyance subsidence implementation funding campaign

Impacts – Damaged Liner



Delta Conveyance Project – Budget Trailer Bill

- **Budget trailer bill language proposed by Governor**
 - Typically advances with the State Budget deliberations to help implement budget provisions
 - Generally undertaken outside of conventional policy committee hearings/process
 - Expedited consideration by Legislature
 - Voted upon at same time as budget bill (but can linger through the Summer)
- **7 components of DCP budget trailer bill:**
 - State Water Project – Perpetual project to expedite change in point of diversion
 - Declaration that DWR has authority to finance the DCP
 - Judicial streamlining – Limit the authority of courts to enjoin construction of DCP
 - Limit the scope of protests at change in point of diversion hearings
 - Allow administrative settlements in land acquisitions without first initiating eminent domain proceedings
 - Provide DWR full contracting authority for property acquisitions (Similar to HSR / Caltrans)
 - Allow DWR to advance payments to utilities to expedite needed utility work

Delta Conveyance Project – Budget Trailer Bill

- **Rationale for budget trailer bill:**
 - Streamline administrative processes for the DCP
 - Significant savings of time (multiple years) and costs (billions \$) for SWP ratepayers
 - Ensure adaptation of the SWP to effects of climate change and protection against earthquake risks
- **DCP budget trailer bill proposals will NOT:**
 - Weaken or circumvent the environmental review process required for the DCP
 - Remove any environmental protections
 - Limit any public processes or anyone's right to be heard
 - Create any mechanism for taxpayer's funds to be spent on the DCP

Delta Conveyance Project – Budget Trailer Bill

Inland Empire Organizations Supporting the Delta Conveyance Project TBL



Energy Issues – Affordability Challenges for SWP

- **Implementation of SB 1020 (Laird – 2022) – Integration of Renewables/Zero-Carbon Resources**
 - SWP to be 100% renewable/zero-carbon by 2035
 - Approx. \$2 – \$2.5 billion over next 20 years to meet goal
 - There is a need to pursue legislative flexibility in SB 1020 to help achieve 2035 goals more affordably for water ratepayers
- **Electricity transmission**
 - Costs to harden, enhance, and buildout transmission grid expected to increase by at least \$45 - \$60 billion over next 20 years
 - SWP has current Transmission Access Charge obligation of 3% (highest of any single entity)
 - Depending on water year type, SWP transmission access charges could increase from approximately \$110 million/year to over \$400 million/year
 - Potential regulatory/administrative/legislative options:
 - Hybrid TAC
 - Appropriate imposition of transmission costs on entities/uses that are newly-driving infrastructure development needs
 - Compensation for SWP's support to the electrical grid for statewide benefit

QUESTIONS?