

2.14 Wholesale Agency Assistance Programs

A. *Applicability*

This BMP is intended for Wholesale Municipal Water User Groups (“agency”) supplying potable water. The specific measures listed as part of this BMP can be implemented individually or as a group. Upon review, an agency may find that it is already implementing one or more of these elements and may want to adopt additional elements outlined below.

Once an agency decides to adopt this BMP, the agency should follow the BMP closely in order to achieve the maximum benefit from this BMP.

B. *Description*

Wholesale agency assistance program measures are designed to deliver assistance to its wholesale utility customers who purchase water and provide retail water service to customers. Under this BMP, the wholesale agency will provide financial and/or technical support to wholesale purchasers to advance water conservation efforts both for the wholesale customer and its retail water customers. Financial support should consist of incentives or equivalent resources as appropriate and beneficial. All BMP programs that target retail water customers should be supported when they can be shown to be cost-effective in terms of avoided cost of water from the wholesaler’s perspective.

Financing for water conservation programs can be built into the rate structure as a dedicated fund available to wholesale customers who are retail purveyors. The wholesale agency can offer its BMP programs either to the wholesale customer or directly to its retail customers and should provide technical assistance to implement them. When mutually agreeable and beneficial, the wholesale agency may operate all or any part of the conservation-related activities for one or more of its retail customers.

Wholesale agencies should work in cooperation with their wholesale customers to identify and remove potential disincentives to conservation that are created by water management policies including, to the extent possible, when considering the nature of wholesale water service, its water rate structure. Wholesale rate structures should be designed upon the basic principal of increased cost for increased usage. Incentives to conserve can be built into the base rate/volumetric rate ratio with greater emphasis on volumetric rates or with a seasonal increment.

C. *Implementation*

Agencies are encouraged to consider stakeholder group information meetings, especially for those affected by this BMP. Working with stakeholder groups will be important to achieving “buy in” from the stakeholders. Implementation of this BMP will exceed the requirements of §TAC 288.5, Water Conservation Plans for Wholesale Water Suppliers. To implement this BMP, the following elements and strategies should be included:

- 1) Wholesale agency baseline profile: A description of the wholesaler's service area, including population and customer data, water use data, water supply system data, and wastewater data;
- 2) Wholesale agency goals: Specification of quantified five- and ten-year targets for water savings including, where appropriate, target goals for municipal use in gallons per capita per day (Total "GPCD") for the wholesaler's service area, maximum acceptable water loss and the basis for the development of these goals;
- 3) Wholesale water system accounting and measurement:
 - a. A description as to which practice(s) and/or device(s) will be utilized to measure and account for the amount of water diverted from the source(s) of supply;
 - b. A monitoring and record management program for determining water deliveries, sales, and losses;
 - c. A program of metering and leak detection and repair for the wholesaler's water storage, delivery, and distribution system;
- 4) A requirement in every wholesale water supply contract that each successive wholesale customer develops and implements a water conservation plan that meets TAC 288 rule requirements for public water suppliers. Because no state mechanisms are in place to enforce implementation of these plans, the wholesale agency should consider developing and adopting penalties for non-compliance of this requirement.
- 5) Conservation-oriented water rates. During the process of contracting for water service, either new or renewed, the wholesale agency should implement wholesale water rate structures that provide incentives to conserve.
- 6) Wholesale customer assistance. A program to assist customers, which could include, but not be limited to, the following:
 - a. Technical assistance with the development of plans and program implementation;
 - b. Development of consistent methodologies for accounting and tracking water loss and gallons per capita per day;
 - c. Development of procedures for calculating program savings, costs and benefits;
 - d. Coordination of conservation incentive activities. Examples of pooling funds and providing grants; offering bulk purchase of equipment such as ULF toilets;
 - e. Implementation of wholesale service area-wide education and outreach programs, such as school education programs, public information programs, etc. (*See BMP for school education and public information*);
 - f. Cost-sharing, including joint management of retrofit and education programs and partial funding of rebates for specific conservation measures.
- 7) A program for reuse and/or recycling of wastewater and/or gray water and
- 8) Any other water conservation practice, method, or technique which the wholesaler shows to be appropriate for achieving the stated goal or goals of the water conservation plan.

- 9) A means for implementing this BMP, which will be evidenced by official adoption of the wholesale agency's BMP initiatives by the wholesale customers.

D. Schedule

Program participants should begin implementing this BMP within twelve (12) months of official adoption.

E. Scope

To accomplish this BMP, the agency should adopt wholesale agency assistance policies, programs or rates consistent with the provisions for this BMP as specified in Section C.

F. Documentation

To track the progress of this BMP, the agency should gather the following documentation:

- 1) Copy of wholesale agency assistance BMP enacted in the service area;
- 2) Copy of Conservation Plan pursuant to §TAC 288.5;
- 3) Annual report of measures accomplished; and
- 4) Copies of progress reports of BMPs implemented by wholesale customers that are done in conjunction with the wholesaler or which are cost-shared through this BMP.

G. Determination of Water Savings

Using historical records as appropriate, calculate water savings due to implemented BMPs, such as water loss programs or programs delivered to retail customers. Calculated savings should be based upon equipment changes, quantified efficiency measures, or alternative water sources as appropriate.

H. Cost-effectiveness Considerations

The labor costs for technical services to retail customers are dependent upon the type of conservation BMPs which the wholesale agency decides to implement. Wholesale providers should evaluate each of the BMPs to determine the appropriate costs associated with technical assistance. Cost-share costs also depend upon the cost of the BMP and the percentage of BMP implementation the wholesaler determines is appropriate. It is recommended that the wholesaler determine the NPV of avoided costs for new supply projects to determine the appropriate level of financial support to offer retailers for cost-share programs.

I. References for Additional Information

- 1) *A Water Conservation Guide for Public Utilities*, New Mexico Office of the State Engineer, March 2001.

- 2) *Pulling Utilities Together: Water-Energy Partnerships*, Home Energy Magazine Online July/August 1993. <http://hem.dis.anl.gov/eehem/93/930709.html>
- 3) *Memorandum of Understanding*, California Urban Water Conservation Council, 1999.