

Water Transfer Actions

DRAFT - For Discussion Purposes Only - Version 3

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Water transfers are intended to improve water supply reliability and allow an Environmental Water Account (EWA) to function, a cornerstone of the CALFED preferred alternative. Therefore, transfer processes need to be more reliable, predictable and timely.

The basic structural framework for a water market in California is in place and transactions occur every year between willing sellers and willing buyers involving thousands or hundreds of thousands of acre-feet of water. CALFED member agencies (USBR, DWR, and SWRCB) have legal and regulatory responsibility for review and approval of most water transfers and also have jurisdiction over many of the storage and conveyance facilities required to make water transfers work. These agencies are in a position to **improve or facilitate** the operations of the water market **within the existing legal framework** by communicating policies and implementing programs. This will allow transfers to be completed efficiently while still providing necessary protection from unreasonable adverse impacts on the environment or other third parties.

Clarifying and Refining Policies for Agency Approvals

1. Transferable water definitions - Develop definitions of what water is transferable, including opportunities for regional trade zones. Will require adoption of formal rules and/or regulations. Will affect all transfers, including those for EWA and instream flow augmentation. Needs intense stakeholder interaction and deliberations.
2. Carriage water requirements - Define when assessed to a cross-Delta transfer and clarify parameters that determine resulting quantities.

Streamlining the State/Federal Approval Processes

3. "On Tap" water transfer web site resource - Develop interactive information source for a) water transfer application procedures; b) publicly accessible databases for historic and pending water transfers; c) online public forum. Phased approach during Stage 1a.
4. Expedite review/approval - Implement measures to further streamline the USBR/SWRCB/DWR water transfer review and approval processes (as allowed under state and federal law) for some regional transfers. Relates closely to Action 1. This moves toward pre-certification of certain types of water transfers.
5. Improve environmental compliance processes - (*ESA and other environmental compliance can dramatically affect the ability to expedite review/approval.*) Re-evaluate and amend as needed current ESA and environmental compliance processes (i.e., Fish and Wildlife Service consultation) to improve review timeliness. This will reduce delays that some water transfer applications currently experience.

Wheeling - Improving the Predictability and Reliability of Conveyance

6. Forecast and disclose capacity - (*Currently, north-south transfers are extremely constrained by capacity limits.*) Improve pumping and conveyance capacity forecasts and disclose through the On Tap web site, updated periodically. Forecasts include limiting factors and inherent risks to

transporting water across the Delta or within project facilities (e.g., risk of pumping curtailments associated with biological or water quality requirements, project outages, etc.).

7. Access to state/federal project capacity - (*Lack of availability is an extreme impediment to north-south transfers.*) Review policies and protocols for the use of available conveyance and storage capacity in the existing facilities, including clarifying priorities for use of available capacity and how to process requests.
8. Compensation for use of facilities - Review compensation rates for use of state or federal conveyance or storage facilities and refine as necessary to ensure fairness to all parties.

Addressing Concerns about Potential Impacts

9. Required impact disclosure - (*This is a consensus approach reached during CALFED facilitated stakeholders meetings. This is intended to address 3rd party concerns regarding disclosure of potential impacts.*) To the extent permitted under existing law, DWR, USBR, and SWRCB will require transfer proponents to provide analysis of the impacts of a proposed transfer in three areas (level of effort varies with characteristics of proposal), in addition to CEQA/NEPA, including: a) local groundwater impacts; b) cumulative impacts; and c) third-party socioeconomic impacts. These analyses will be for information and disclosure purposes only and would be used as the basis to approve, condition or deny a transfer only as otherwise permissible under current rules and procedures. May require adoption of formal rules and or regulations
10. Public notification of pending water transfers - Transfers pending approval by DWR, USBR, or SWRCB will be publicly noticed on the On Tap web site when formal review is initiated. Information regarding the agencies' public comment procedures will also be provided.
11. Public understanding - On Tap web site will communicate water market policies, procedures, and protocols and provide a forum for debate and discussion of related issues. This reduces misinformation and increase understanding. Phased approach.

Recommendation:

Support water transfers actions in the Preferred Alternative as set forth above with implementation schedule as shown in the timeline below.

Timeline:

