

Program Component Update Water Transfer Component

Program Goals

Stated purpose: To provide a policy framework to facilitate and encourage a properly regulated and protected water market to move water between users, including environmental uses, on a voluntary and compensated basis.

The Water Transfer Policy Framework is designed to:

- achieve improvements in the efficiency of the water transfer process,
- to facilitate the further development of a statewide water transfer market, and
- provide protection from third party impacts (those not directly involved in the transaction) and local groundwater or environmental impacts

Program Deliverables and Schedule

1) Water Transfer Policy Framework White Paper - this will be a paper containing a set of policy-level recommendations to resolve issues currently constraining a more effective water market. *(Administrative Draft available for agency review in July, final in August)*

2) Public meeting to present draft policy recommendations for public comment.
(Planned for late July or early August)

3) Implementation Plan - developed in conjunction with the overall CALFED Program implementation plan. This plan will outline the specific actions necessary to implement the policy-level recommendations. *(Planned for completion in conjunction with overall Program plan)*

Program Description

Water transfers primarily have two water management functions:

- To provide a temporary source of water during drought conditions when other sources of water are constrained. In this manner, the transfer helps improve water supply reliability. Typically, such water transfers would be for short periods of time, not occurring every year; or,
- To augment existing sources of water to meet existing or projected unmet demands. In this manner, the transfer provides a new water supply. Typically, a water transfer of this type would be a long-term, annual reallocation of water.

In addition to these primary functions, transfers provide other benefits to water management. For example:

- they can help reduce the mismatch between water supply and demand;
- they can provide short-term supplies while other facilities are being constructed (i.e., new conveyance, surface storage, conjunctive use);
- they can reduce the level of need for new surface storage;
- they can aid in moving water from new facilities to various users throughout the state, including in basin needs, instream flows for the environment, and exports; and
- they can provide water quality benefits.

While generally, historic transfers have been successful, they have raised concerns regarding adverse impacts to other water users, to rural community economies and to the environment. In addition, they have highlighted contradictory interpretations of state law, the lack of reliable ways to transport the transferred water, and complicated permitting and approval processes. Before the value of water transfers as a management tool can be fully realized, these problems need to be addressed. The major problems can be characterized as:

- environmental, economic, and water resource protections;
- technical, operational, and administrative rules; and
- wheeling through and access to state and federal conveyance facilities.

The Water Transfer Policy Framework is intended to address specific issues associated with these categories. They include:

Environmental, Economic and Water Resources Protection

1. Third Party Impacts
2. Groundwater Resource Protection
3. Instream Flow (1707) Transfers
4. Environmental Protection in Source Area
5. Area of Origin/Watershed Priorities
6. Rules/Guidelines for Environmental Water Transfers

Technical, Operational and Administrative Rules

1. Transferable Water and the "no injury rule"
2. Operations Criteria and/or Carriage Water Requirements
3. Reservoir Refill Criteria
4. Permitting Process

Wheeling and Access to Federal and State Facilities

1. Priority of transferred water in existing project facilities
2. Priority of transferred water in new facilities
3. Wheeling Costs

Solution Options

Policy-level solution options for resolving the issues shown above are being developed through the BDAC Water Transfer Work Group and the Transfer Agency Group (a subgroup of CALFED agencies).

The BDAC work group has reached general consensus on the need for a 'water transfer clearinghouse' process. This solution option could address several of the *Environmental, Economic and Water Resources Protection* issues including third party impacts and groundwater resource protection. As currently envisioned, the clearinghouse would function to ensure: baseline data collection; neutral party analysis and monitoring of transfers; cumulative impact analysis; public disclosure of data and analysis; and public participation in the transfer review and approval process.

Policy level solution options for the other issues are also being discussed in the work groups. Draft policy-level recommendations on all issues should be available by the end of July.

Issues/Concerns

- What role should water transfers play, in conjunction with water conservation, water recycling, and development of new yield, in addressing the mis-match between water supply and beneficial uses in the Bay-Delta system?

The greater the reliance on water transfers the greater the need to resolve access to facilities issues, especially cross-Delta conveyance. As the volume of water transfers increases, the ability to adequately transport the water across the Delta with existing facilities and operational requirements becomes further constrained. Conveyance improvements would be necessary to allow a greater volume of water to be transferred, possibly including new Delta conveyance facilities.