



September 14, 1999

Hon. Lester Snow, Director
CALFED Bay-Delta Program
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Re: Environmental Water Account

Dear Lester:

As you know, the Environmental Defense Fund has closely followed the discussions and "gaming" exercises associated with CALFED's efforts to develop an "Environmental Water Account" (EWA) over the past year. We believe that the fundamental component of such an account -- the ability to manage water flexibly under real-time biologic and hydrologic conditions -- has considerable merit, and could be effectively used in place of at least some prescriptive standards. We are concerned, however, with several aspects of CALFED's current effort to develop the EWA. Without significant digression into EDF's legal views and policy preferences, we offer the following initial suggestions.

Clearly distinguish environmental objectives from consumptive water supply and drinking water quality objectives. The EWA gaming exercises have muddled these three components and rendered it impossible to evaluate the environmental benefits of substituting or complementing certain prescriptive standards with flexible operations. In addition, evaluating operational changes to increase water supply and improve water quality under the pretext of an "Environmental Water Account" is confusing at best, and will make it very difficult for the public to understand, and therefore support, any CALFED proposal for an EWA. It is certainly appropriate to evaluate environmental, water supply and water quality objectives together, as components of CALFED's *Water Management Strategy*, but CALFED should not be using the term "Environmental" with respect to any proposed increases in overall Delta exports.

Determine appropriate "baseline" criteria for measurement of the EWA. It will not be possible to account for environmental water until appropriate baseline conditions are determined. This baseline should reflect current export levels under a broad variety of existing legal and regulatory requirements, including operating parameters, financial obligations, and Endangered Species Act requirements. (In addition, it will not be possible to implement CALFED's "Beneficiary Pays" principle, unless benefits can first be measured. Benefits, in turn, cannot be measured until CALFED clearly defines the baseline.)

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Clarify the role of b2 water. The CVPIA's annual dedication of 800,000 acre-feet of CVP yield to fishery restoration purposes has been the subject of significant dispute among CALFED's agencies and stakeholders. A ruling from the U.S. District Court should be forthcoming in the near future, and will hopefully provide clear guidelines under which the operations dedicating b2 water to the environment can be implemented. It is our hope that CALFED agencies and stakeholders alike will be able to move forward in accordance with the court's interpretation of the law. If and when such a ruling does occur, CALFED should work with the Department of the Interior to clarify how the b2 water and EWA water can be used cooperatively for the maximum benefit of fisheries in the Delta and upstream.

Let stakeholders determine their own representation. CALFED recently distributed a draft "EWA Development Team: *Management Structure*", which includes a list of agencies, organizations, and individuals who would be members of an EWA Development Team. We do not believe that it is in the public interest for CALFED to pre-select the stakeholders who would comprise such a committee, but that the stakeholders themselves should determine how they are best represented.

Thank you for considering these views. EDF is prepared to engage constructively with CALFED to develop an Environmental Water Account, and we believe that adherence to these principles will put CALFED in a position to proceed effectively.

Sincerely,



Spreck Rosekrans
Senior Analyst

Cc: CALFED Policy Group
Ron Ott, EWA Project Manager