

CUWA Water Use Efficiency Program Incentives
Policy Principles for the CALFED Bay-Delta Program

October 28, 1998

Background

Urban water agencies in California have implemented nearly \$2 billion in cost-effective water conservation and recycling projects in the last seven years. In the CALFED process it is anticipated significant savings and yield will be realized beyond the level generated from current projects.

CALFED staff has requested assistance in identifying ways incentives can be used to assure that the additional water conservation and recycling projects needed to generate the aggregate yield goal set by CALFED is reached. The CUWA Board has adopted the policy principles below as a guide to our views on program incentives. In addition to direct and indirect incentives, CALFED can promote greater conservation and recycling through coordination of state and federal regulation of recycling projects and support of research and education programs which can help ensure higher degrees of public confidence in these programs

Policy Principles

1. CALFED should anticipate that the water agencies would provide only that increment of funding of water recycling and conservation projects that meets cost-effectiveness standards from a local agency perspective.
2. CALFED should provide long-term grant funding to bridge the gap between the amount of project funding justified at the local agency level and that required to achieve the levels of water savings and recycling identified in CALFED projections.
3. CALFED should provide other direct economic incentives to encourage local investment in water conservation and water recycling (e.g., pollutant trading credits for wastewater dischargers and preferential access to CALFED benefits for water suppliers).
4. Even with incentives, CALFED must acknowledge that agency specific mandatory yield targets are unacceptable, and that projects must be structured within local political and public perception constraints.