

Natural Resources
Defense Council



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October 17, 1996

Rick Soehren
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Re: Draft Agricultural Water Use Efficiency Strategy - Objectives and Tools

Dear Rick:

On behalf of the Natural Resources Defense Council (NRDC), I offer the following comments on the *Draft Agricultural Water Use Efficiency Strategy: Objectives and Tools*, circulated prior to the August 28 meeting of the BDAC Water Use Efficiency Work Group. NRDC supports many of the objectives and tools identified in the draft paper. In particular, we are pleased that the paper states that there must be a strong water use efficiency component in the Bay/Delta solution.

Our primary concerns with the draft are that:

- 1) While the paper focuses on enforcement tools, which we certainly agree must be a major component of the water use efficiency program, it lacks any details on the program that will be the subject of that enforcement.
- 2) The draft strategy borrows heavily from the AB3616 approach in its emphasis on analysis rather than actual implementation of conservation measures. This approach has not been endorsed by the environmental community and, we believe, fails to guarantee agricultural water conservation and other improvements in water use efficiency.
- 3) CALFED has inappropriately eliminated land retirement from consideration as a water use efficiency measure. Using a classical economic definition of efficiency (i.e. getting higher value from the same unit), moving water away from low value agricultural uses, especially those that involve toxic by-products, into higher value agricultural, M&I, and environmental uses may be one of the most highly efficient changes that can be made in water use in California. Land retirement offers a viable way to obtain water supplies and improve water quality, as Congress and the state legislature have already recognized, and expanded land retirement must be retained in the range of CALFED alternatives that will be subjected to additional analyses.

The rest of this letter more fully describes our concerns.

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Rick Soehren
October 17, 1996
Page 2

Objectives

Our reaction to each draft objective is described below.

Ensure a strong water use efficiency component in the Bay/Delta solution. We were pleased to hear you state at the last Water Use Efficiency Work Group meeting that one of the comments most frequently heard in CALFED scoping meetings was that the public wants to see efficient use of existing water supplies before actions are taken to develop any additional supplies. NRDC strongly supports this preference for improving efficiency and using demand side management techniques to address water supply reliability concerns. Unfortunately, we have not yet seen the necessary commitment to this by the agricultural community.

Build on the progress and achievements of the agricultural MOU (AB3616). This objective notes that "the AB3616 process has resulted in a draft agricultural MOU that emphasizes analysis of efficient water management practices, provides a standardized format for water management plans and calls for implementation of measures that meet criteria contained in the MOU." We are concerned that the MOU has many shortcomings and certainly is not adequate to fulfill the objective of assuring a strong water use efficiency component in the Bay-Delta solution.

The shortcomings of AB3616 must be remedied in the CALFED water use efficiency program, including the following: 1) AB3616 is purely voluntary, while the CALFED program must apply to all agricultural users; 2) AB3616 focuses on analysis and sets no performance standards for implementation, and 3) AB3616 fails to adequately address water measurement and volumetric pricing, which the environmental community believes to be essential to efficient water use.

Provide adequate assurance that agricultural water supplies will be used efficiently. As CALFED has acknowledged, this assurance will be critical to obtaining the public's support. This objective should be clarified by adding language stating that incentives will be offered to encourage compliance with the efficiency program, and that failure to comply with the efficiency program will trigger strong and effective enforcement actions.

Emphasize market tools over regulatory tools. This objective notes that the CALFED approach to agricultural water use efficiency will include both market and regulatory tools to promote efficient water use. However, the effective use of market signals is predicated on market participants having accurate price and quantity signals. If market tools will be emphasized, there is a need for districts to measure deliveries and to price water volumetrically, otherwise market signals will not adequately be conveyed to water users.

Improve water management to achieve multiple objectives. NRDC supports this objective. However, if efficiency is interpreted this broadly (as we believe it should be) then land retirement certainly is an essential ingredient and should be included in the water use efficiency program. This issue is further discussed below.

Encourage analysis of water use efficiency at all levels, from field to valley-wide. NRDC supports the approach of considering efficiency at various levels. However, as we stated previously, analysis alone is not sufficient. The objective should be to improve actual water use efficiency at all levels. Nothing in the draft paper actually proposes what districts will be

Rick Soehren
October 17, 1996
Page 3

required to do to improve water use efficiency. Instead, the language is all about "identifying opportunities" and ensuring "analysis." For example, page 1 of the draft strategy says that the efficiency program will be designed to "identify diverse opportunities" for efficiency improvements. Identifying opportunities is not enough. The objective should be to ensure implementation of cost-effective conservation measures and otherwise to improve the efficiency of agricultural water use efficiency on a local, regional, and basinwide scale.

We recognize that this focus on "identifying opportunities" springs from CALFED's attempt to focus on market approaches to spur improvements in water use efficiency. However, it is important to recognize that vast federal irrigation subsidies have so distorted true economic signals, that a regulatory component, including performance standards and enforcement mechanisms, will be a necessary component of the program if it is to have any likelihood of success, and any credibility with the public.

Offer help in planning and financing of water use efficiency improvements. While we support the inclusion of planning and financial assistance in the agricultural water use efficiency program, it is a tool, and not an objective.

Remove institutional barriers to efficient water use. We support this objective and trust that it will extend to economic as well as other institutional barriers.

Tools

NRDC supports the inclusion of a wide variety of tools in the CALFED water use efficiency program. Of the tools described in the draft strategy paper, we particularly encourage CALFED to focus on non-compliance fees, water pricing, contract provisions, conditions for water transfers, and conditions for participation in the drought water bank, which we feel offer the most promise in achieving high compliance rates. We also support the recommendation of ensuring that non-compliance with the water use efficiency program will be deemed as evidence of waste and unreasonable use.

Program Specifics

While the urban agencies have an MOU that outlines best management practices and that has been supported by the major urban water agencies as well as the environmental community¹, there is no equivalent in the agricultural side. AB3616 has not yet been signed by agricultural agencies or public interest groups, and has been heavily criticized by many members of the environmental community for its focus on uniform analysis over uniform implementation, as well as for its failure to mandate water measurement and volumetric pricing, which the environmental community believes to be fundamental to efficient water use.

Land Retirement

We very strongly disagree with CALFED's decision to eliminate land retirement from consideration as a water use efficiency measure. Using a classical economic definition of efficiency (i.e. getting higher value from the same unit), moving water away from low value agricultural uses, especially those that involve toxic by-products, into higher value agricultural,

¹ Revising and strengthening the MOU and improving enforcement are the subject of promising negotiations between the Environmental Water Caucus and California Urban Water Agencies.

Rick Soehren
October 17, 1996
Page 4

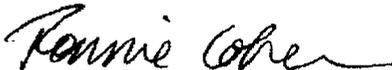
M&I, and environmental uses may be one of the most highly efficient changes that can be made in water use in California.

CALFED has backed away from this important tool solely because of unsubstantiated claims that land retirement would have unacceptable economic impacts. Yet CALFED continues to evaluate alternatives such as an isolated conveyance facility, that many members of the environmental community believe would have major negative impacts on the environment. CALFED continues to evaluate those alternatives, citing NEPA/CEQA claims that they cannot eliminate from consideration viable alternatives at this stage. Similarly, land retirement offers a viable way to obtain water supplies and improve water quality, as Congress and the state legislature have already recognized, and expanded land retirement must be retained in the range of CALFED alternatives that will be subjected to additional analyses. Third party impacts have not yet been determined, nor have opportunities for mitigation been explored.

Conclusion

We appreciate this opportunity to comment on CALFED's draft agricultural water use efficiency strategy. While we support the stated objective of ensuring a strong water use efficiency component in the CALFED solution and endorse the use of many of the enforcement tools described in the draft strategy paper, we do not believe that CALFED has outlined a program that will achieve this objective. We look forward to working with you to further develop the program.

Sincerely,



Ronnie Ann Cohen
Senior Project Resource Specialist

cc: Lester Snow
Judith Redmond