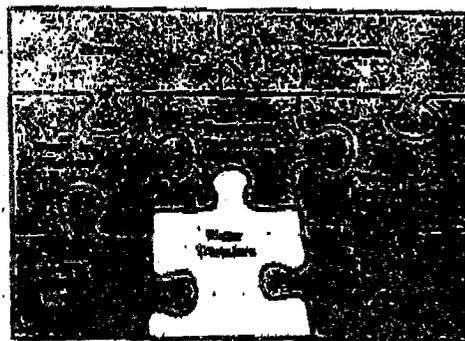


Water Transfer Program

Water transfers are currently an important part of water management in California and offer the potential to play an even more significant role in the future. Transfers can provide an effective means of moving water between users on a voluntary and compensated basis, as well as a means of providing incentives for water users to implement management practices which will improve the effectiveness of local water management.



Every year, hundreds of thousands of acre-feet of water are transferred between willing parties. Most of these transfers consist of in-basin exchanges or sales of water among Central Valley Project (CVP) or State Water Project (SWP) contractors. For example, in 1997 nearly 288,000 acre-feet of CVP water was transferred by CVP contractors south of the Delta. Of this amount, approximately 76,000 acre-feet was transferred to meet the San Joaquin Valley Level IV refuge water needs, as required by CVPIA. Since 1993, over 1.4 million acre-feet of CVP water has been transferred north and south of the Delta by contractors within the various divisions of the CVP. In addition, 230,000 acre-feet of non-CVP water has been purchased and transferred by the Interior Water Acquisition Program to meet established instream flow purposes.

Generally, past transfers have been successful, but they have raised concerns regarding adverse impacts to other water users, to rural community economies and to the environment. They have also highlighted contradictory interpretations of state law, the lack of reliable ways to transport the transferred water across the Delta, and complicated approval processes. Before the value of water transfers as a management tool can be fully realized, these problems need to be addressed.

The Water Transfer Program proposes a framework of actions, policies, and processes that, collectively, will facilitate water transfers and further development of a statewide water transfer market by addressing these problems. Because water transfers can impact third parties (those not directly involved in the transaction) and/or local groundwater, environmental, or other resource conditions, the framework also includes mechanisms to provide protection from such impacts.

Both the BDAC Water Transfer Work Group and the Transfer Agency Group were instrumental in identifying the issues which constrain the water transfer market. These were sorted into three broad categories to aid in developing resolution:

1. *Environmental, socio-economic, and water resource protections - including:*
 - Third party socio-economic impacts
 - Groundwater resource protection
 - Transfers to augment instream flow

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- Environmental protection in source areas
 - Area of origin/watershed priorities
 - Rules/guidelines for environmental water transfers
2. *Technical, operational, and administrative rules - including:*
- Transferrable water and the "no injury rule"
 - Saved or conserved water
 - Operating criteria and/or carriage water requirements
 - Reservoir refill criteria
 - Streamlining the transfer approval process
3. *Wheeling and access to state/federal facilities (especially for cross-Delta transfers) - including:*
- Reliability of access for transferred water in existing project facilities
 - Priority of transferred water in new facilities
 - Wheeling costs

as a regulator, a market broker, not as a water bank.

The Water Transfer Program recommends the following actions, policies, and processes as a framework for solutions to these constraints. Being programmatic in nature, it describes these only in enough detail to convey the direction and general purpose of each. More detail will be added to the framework between this public draft and a finalized Programmatic EIR/EIS. Some detail will necessarily occur during the months and years after the Programmatic EIR/EIS is finalized. During the next several months, the BDAC Water Transfer Work Group and the Transfer Agency Group will continue to work together to develop these solutions.

- Establish the California Water Transfers Information Clearinghouse to ensure that decisions regarding proposed water transfers can be made with all parties in possession of complete and accurate information and to provide information to facilitate assessment of potential third party impacts. The Clearinghouse would not function as a market broker, nor would the Clearinghouse operate as a water bank. The Clearinghouse would:
 - collect and disseminate data and information relating to water transfers and potential transfer impacts
 - perform research using historic data to understand water transfer impacts
 - provide a forum for discussion and comment on proposed transfers
- Coordination among CALFED agencies to formulate policy, under their existing authorities, for required water transfer analysis. This would require all transfer proposals which are subject to approval by the SWRCB or that depend on access to state/federal conveyance facilities to include information regarding potential socio-economic, groundwater, and cumulative impacts at the time of

② conclusions? opinions? data collection? only how to ensure objectivity

problem - this is not a market broker... SWRCB rules... Delta agencies... + comment only on transfer policy

Add insert
54a

①? SWRCB counts
only ~~SWRCB~~ ~~wholly~~
Transp.

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submission for approval by the respective CALFED agency. Information would be provided by the transfer proponents. This is for public information purposes and would be disclosed through the California Water Transfers Information Clearinghouse.

Move

Forecast and disclosure by DWR and USBR of potential conveyance capacity to provide transfer proponents more timely information regarding the potential availability of conveyance capacity for cross-Delta water transfers and probabilities of it being available. Forecasts would occur on a monthly basis (in conjunction with water supply forecasts). Forecasts would be based on the best information available to project operators, but could not guarantee that the capacity would be available because of the numerous operating variables, including but not limited to: hydrologic conditions, ESA requirements, Delta water quality standards, and physical capacity limitations.

Development by CALFED agencies of a standardized checklist and analysis procedure to be followed for each proposed water transfer that undergoes review by the SWRCB, DWR or USBR. This would guide transfer proponents through a series of questions, requesting specific information regarding the proposed transfer. This checklist would allow the proponents to prepare all the necessary information prior to submitting it to the SWRCB or other approving agency, greatly reducing the time spent trying to fill information gaps that often remain under the existing transfer approval process.

Good

clarify
and
define

A process for CALFED agencies to work with stakeholder representatives to ~~reduce the conflict between transfer proponents and the SWRCB, DWR, or USBR regarding what water is deemed transferrable under what conditions.~~ The objective of this process will be to define a standardized set of rules on transferable water. Clarification of the CALFED agencies' criteria for quantifying transferrable water, including potential variations in the accepted criteria for time or location (i.e., one-year transfers versus multi-year and in-basin versus out-of-basin) is a key outcome. The initial focus of this process would be technically based, resulting in a set of differing water transfer scenarios and accompanying definitions. Results of this effort may include formal rules adopted by the SWRCB during the initial years of CALFED's Stage 1 implementation. The details of this process, including the specific objectives, and the identification of stakeholder representatives, have not been determined.

clarifying
agency policies
and rules
governing
water transfers
that

A process for CALFED agencies to work with stakeholder representatives to resolve conflicts over reservoir refill and carriage water criteria. This effort will focus on ~~ensuring that neither water transfers involving releases from stored water nor the transport of water across the Delta cause adverse impacts to other~~

Page 54, add to the carryover bullet the following:

It is anticipated that the required analysis would differ according to the category of proposed transfer (short term/long term, in basin/out of basin, large/small, etc.). This analysis should be consistent with an overall effort to streamline the transfer approval process, at least in those categories of transfers that generally have not created appreciable concerns.

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~~legal users of water~~ CALFED agencies may adopt a policy that requires proposed water transfers from storage to include a reservoir refill analysis identifying potential impacts to other legal users of water, and to identify appropriate mitigation measures. Carriage water is defined as the additional water that may be necessary to accompany a cross-Delta water transfer to maintain water quality or other standards imposed on Delta export operations. Clarifying carriage water criteria may be resolved with a longer term process that relates closely to other operational changes being proposed for Delta water management since they can impact the necessity for carriage water.

Insert
55a

A process for CALFED agencies to work with stakeholder representatives to develop methodology to monitor instream transfers and associated tracking measures. This process is designed to ensure that water transferred to the environment is available to meet its stated instream purpose throughout its designated reach. The process will also address opportunities for those buying water for instream purposes to make it available for re- diversion (resale) at given points downstream, if so desired. More specific actions and policies will likely be developed through this process prior to release of the final Programmatic EIR/EIS.

Insert
b

A process for CALFED agencies to work with stakeholder representatives to discuss costs associated with transporting transferred water through state or federal conveyance facilities. This process will result in an agreed upon set of criteria governing the determination of transport costs such that transfer proponents can factor such costs into transfer proposals early in development phase of a potential water transfer deal. More specific actions and policies will likely be developed through this process prior to release of the final Programmatic EIR/EIS.

Once a final CALFED Bay-Delta Program Programmatic EIR/EIS is certified, implementation of these recommendations will begin. However, the processes described above (4 of the 8 bulleted items above) will be developed and in some cases instituted during 1999, before the Programmatic EIR/EIS is finalized. Where resolution on issues can be reached through these processes, resulting recommended solution options will be integrated into the final programmatic description and become part of the implementation plan. For the issues which cannot be satisfactorily resolved, the processes themselves would become part of the implementation plan contained in a certified Final Programmatic EIR/EIS.

More information on the water transfer program will be included in the revised *Water Transfer Program Plan*.

Page 55, Inserts 55a and 55b (all one big insert):

3

A process for CALFED agencies to work with stakeholder representatives to develop appropriate protection provisions for water transferred for instream uses. This will include (a) developing methodology for monitoring instream transfers and associated tracking measures; (b) developing appropriate implementation procedures or regulations for Cal. Water Code Section 1707 transfers, and [c] evaluation as to whether additional statutory or regulatory protection of water transfers for instream purposes is necessary. This process is designed to ensure that water transferred to the environment is available to meet its stated instream purpose through its designated. This process should provide mechanisms for assuring that water transferred for instream use be supplementary to water used to meet regulatory requirements, unless otherwise explicitly provided by the terms of the transfer. The intended provisions should also clarify the circumstances under which water transferred for instream use may be subsequently diverted for other purposes downstream.

A process for CALFED agencies to work with stakeholder representatives to discuss procedures for transporting transferred water through existing water conveyance facilities. This process will result in an agreed upon set of criteria and procedures governing the determination of transport system availability and costs such that transfer proponents can factor such costs into transfer proposals early in the development phase of a potential water transfer deal. Such criteria and procedures should address how to process requests for use of a system, to calculate the unused capacity, and to determine the fair reimbursement to the water conveyance facility operator.

A process for CALFED agencies to work with the Legislature and stakeholders to develop specific proposals for amending state law to address concerns over the potential loss of a transferor's water right. The focus of this process is to provide security for a potential transferor contemplating short- and long-term water transfers. The amendments may include conditioning the determination of the reasonableness of a water transfer on the transferee's use and clarifying that transferred water will revert back to the transferor at the end of the transfer agreement's term.

A process for CALFED agencies, in consultation with the

1

stakeholders, to identify and develop interim rules, regulations or procedures necessary for an effective water transfer market pending long term resolution of definitional and procedural issues identified above.

A process for CALFED agencies to work with stakeholders to evaluate the effectiveness of present AB 3030 groundwater management plans in protecting groundwater basins in water transfer source areas. This process should evaluate possible incentives to encourage participation in the AB 3030 process and identify any potential revisions to the AB 3030 program that would enhance its effectiveness.

Insert for p. 55 Cont'd

(2)