



Water Trading: Workplan (Action Item)

Introduction

At the request of the Secretaries of the Natural Resources Agency, Environmental Protection Agency, and Department of Food and Agriculture, the California Water Commission is initiating a process to frame state considerations around how to shape well-managed groundwater trading programs. By facilitating a robust and inclusive public discussion on groundwater trading, the Commission will support Water Resilience Portfolio Action 3.6:

Create flexibility for groundwater sustainability agencies to trade water within basins by enabling and incentivizing transactional approaches, including groundwater markets, with rules that safeguard natural resources, small- and medium-size farms, and water supply and quality for disadvantaged communities.

Action 3.6 is assigned to the Department of Water Resources, the State Water Resources Control Board, and the California Department of Fish and Wildlife.

The Commission's work will focus on holding public conversations via public workshops and at regularly scheduled Commission meetings to solicit input on how to develop well-managed groundwater trading programs that ensure protections for vulnerable users and stakeholders. Drawing on public discussions, the Commission will develop a white paper that will include a set of conclusions and suggested next steps for how to shape well-managed groundwater trading programs with appropriate safeguards for communities, farms, and the environment. This paper will inform Action 3.6 implementing agencies.

Commission Decision & Staff Recommendation

The Commission is being asked to approve the workplan presented by staff, and, in doing so, to accept the task requested by the Secretaries. The Commission may:

1. approve the workplan as written;
2. approve the workplan with modifications;
3. approve staff's time to engage on this task but refrain from approving the workplan; or
4. refrain from accepting the requested task.

If the Commission approves the workplan, staff will move forward with the tasks outlined in the workplan either as written or with the requested modifications. If the Commission accepts the task but does not approve the workplan, staff will return with a new workplan next month. If

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the Commission rejects the requested task, staff will communicate that decision to the Secretaries.

Staff recommends that the Commission approve the workplan and accept the task requested by the Secretaries. This work positions the Commission to use its public forum to hold important policy discussions related to an urgent issue: groundwater trading. Commission staff has the capacity and expertise to take on this work, and the Commission is the ideal entity for carrying it out.

Background

On July 28, 2020, the California Natural Resources Agency, California Environmental Protection Agency, and the California Department of Food and Agriculture issued the final [Water Resilience Portfolio](#) (portfolio) in response to Governor Newsom's Executive Order N-10-19, which calls for a "set of actions to meet California water needs through the 21st century." The portfolio outlines a broad suite of actions designed to move the state toward water resilience. The portfolio includes Action 3.6: Create flexibility for groundwater sustainability agencies to trade water within basins by enabling and incentivizing transactional approaches, including groundwater markets, with rules that safeguard natural resources, small- and medium-size farms, and water supply and quality for disadvantaged communities. Action 3.6 is assigned to the Department of Water Resources, the State Water Resources Control Board, and the California Department of Fish and Wildlife and embedded in a section of the portfolio that is focused on maintaining and diversifying water supplies, which includes actions designed to help regions secure groundwater supplies by supporting the transition to sustainable use. In a letter dated March 15, 2021, the Secretaries for Natural Resources, Environmental Protection, and Food and Agriculture, requested that the Commission initiate the action by leading a thorough and inclusive public dialog, similar to the effort conducted to assess a state role in financing climate-resilient conveyance.

The Commission's work on water trading will implement Goal One of the Strategic Plan, which calls on the Commission to "serve as a primary public forum for the discussion of improving water management policy to assist regions in achieving climate resiliency ... including those actions of the Water Resilience Portfolio assigned to the Commission."

Meeting Overview

At this meeting, Assistant Executive Officer Laura Jensen will present the proposed workplan in support of Water Resilience Portfolio Action 3.6 to the Commission for discussion and approval.

This is an action item.

Contact

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