



Groundwater Trading: Overview of Out-of-State Discussions and Emerging Themes

Introduction

The California Water Commission is leading a process to frame state considerations around how Groundwater Sustainability Agencies might shape well-managed groundwater trading programs. During the first phase of the Commission's work, and to better understand the issues at play, Commission staff spoke with representatives from other states and countries about their experience with groundwater trading. These conversations were used to help identify lessons learned from outside of California's borders. Commission staff asked these representatives about the role of their states in trading programs, about their experience with considering vulnerable water users – namely, disadvantaged communities, the environment, and smaller farmers – and about any salient issues and considerations they could share with the Commission. In total, Commission staff talked to 22 people total from the states of Arizona, Colorado, Florida, Nebraska, and Texas, and from Australia.

The October meeting will feature an overview of the key points from discussions with out-of-state representatives. It will also include a summary of key points and emerging themes from the groundwater trading expert panels that the Commission hosted at its monthly meetings. Staff will share information about how these themes will be explored at the upcoming groundwater trading public workshops.

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 Commission's recent effort to assess a state role in financing climate-resilient conveyance.

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The Commission's work will focus on holding public conversations via public workshops and at regularly scheduled Commission meetings to solicit input about developing well-managed groundwater trading programs that ensure protections for vulnerable users and stakeholders. By facilitating a robust and inclusive public discussion on groundwater trading, the Commission will support Water Resilience Portfolio Action 3.6. The Commission will develop a white paper that draws on public discussions and 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.

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, the Commission's Assistant Executive Officer, Laura Jensen, will summarize what staff learned from conversations with out-of-state representatives about groundwater management generally and about groundwater trading, including information about trading rules and governance and enforcement of trading programs. This information complements what has been shared during the expert panels hosted at Commission meetings and positions the Commission to further explore emerging themes with the public at its groundwater trading workshops.

This is an informational item.

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