



Groundwater Trading: Draft White Paper

Introduction

The California Water Commission has completed its process of utilizing its public forum to frame State considerations around how Groundwater Sustainability Agencies might shape well-managed groundwater trading programs. To gather information about groundwater trading and better understand the issues at play, Commission staff conducted interviews with small groups of stakeholders, spoke with out-of-state representatives about their groundwater trading efforts, and invited expert panels to address the Commission at its standing meetings. To further explore the information gathered, Commission staff conducted localized outreach by attending meetings of local stakeholders, hosted public workshops, and collected information via an online survey. Throughout this process, Commission staff worked closely with a stakeholder advisory group to inform its approach and guide its discussions. Commission staff also met regularly with representatives from State agencies to keep them apprised of the status of the Commission's work and to share information gathered.

The Commission used the information gathered and feedback received to craft a white paper that includes a set of findings around how to shape well-managed groundwater trading programs with appropriate safeguards for natural resources, small- and medium-sized farms, and disadvantaged communities, and addresses what role the State could play in advancing well-managed groundwater trading.

At this meeting, Commission staff will present the draft white paper for Commission discussion. Commission staff will incorporate feedback received from the Commission and the public to produce a final draft of the white paper that will be presented to the Commission at the March meeting.

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

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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. By facilitating a robust and inclusive public discussion on groundwater trading, the Commission has supported Water Resilience Portfolio Action 3.6. This Commission's whitepaper 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 present the draft white paper to the Commission and will then solicit feedback from the Commission and the public.

This is an informational item.

Contact

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