



Update on Sustainable Groundwater Management Act Implementation and Groundwater Trading

Introduction

California's groundwater supply is a critical natural resource, providing between 40 and 60 percent of the State's total water supply in a given year. In 2014, the Sustainable Groundwater Management Act (SGMA) created a new regulatory framework for California to sustainably manage groundwater. DWR is tasked with two key roles under SGMA: to provide regulatory oversight for groundwater sustainability planning, and to support local implementation with State assistance. Since 2016, the Department of Water Resources (DWR) has awarded over one-half a billion dollars for SGMA planning and implementation. This year, DWR reached a milestone by completing all of the initial reviews of Groundwater Sustainability Plans (GSPs). Through DWR's initial evaluation of GSPs, they found 71 basins have approved GSPs, 13 basins have GSPs that are currently incomplete, and 6 GSPs were deemed inadequate and are subject to State Water Resources Control Board intervention. DWR has an ongoing responsibility to ensure that basins are on track to reach basin sustainability and are in compliance with SGMA. In addition to numerous efforts to support SGMA implementation, DWR is in the initial stages of developing an implementation plan that addresses some of the next steps from the Commission's white paper on groundwater trading: [*A State Role in Supporting Groundwater Trading with Safeguards for Vulnerable Users: Findings and Next Steps*](#).

Background

SGMA requires the medium and high priority basins to form local groundwater sustainability agencies (GSAs) and develop groundwater sustainability plans (GSPs) to achieve their sustainability goals over a 20-year planning horizon. More than 250 local GSAs were formed across the State. SGMA gives local GSAs the authority and responsibility to manage and allocate groundwater resources within a basin. SGMA has transitioned from planning to implementation where GSAs are managing water budgets, monitoring and evaluating their sustainable management criteria and interim milestones towards sustainability, and carrying out projects and management actions that will bring the basin into sustainability. Under SGMA, GSAs must achieve their sustainability goals, operating to a sustainable yield while avoiding undesirable results, within 20 years (by 2040 or 2042, depending on the basin).

Groundwater trading is one voluntary management action that a GSA could decide to employ to aid in the management of groundwater. There is potential for groundwater trading to be used broadly by GSAs. To date, several GSAs are already developing trading programs. The decision to design and implement a local groundwater trading program rests solely with GSAs.

In March 2021, the Secretaries for Natural Resources, Environmental Protection, and Food and Agriculture, requested that the Commission initiate the Action 3.6 of California's Water Resilience Portfolio, which calls on the Department of Water Resources (DWR), the State Water Board, the California Department of Fish and Wildlife (CDFW), and the California Department of Food and Agriculture (CDFA) to: *"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."* In response, the Commission led a thorough and inclusive public dialog to frame state considerations around how GSAs might shape well-managed groundwater trading programs that include appropriate safeguards for communities, farms, and the environment. The Commission developed a white paper that draws on the public discussions and includes a set of conclusions. The white paper also tasked DWR with suggested next steps to implement, in coordination with the State Water Board, CDFW, and CDFA.

This agenda item will continue the advancement of Goal One of the Commission's 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."

Meeting Overview

DWR Deputy Director of Sustainable Groundwater Management, Paul Gosselin, will provide an update on implementation of the SGMA, including State activities related to the Commission's May 2022 white paper on groundwater trading.

This is an informational item.

Contact

Laura Jensen

Assistant Executive Officer

California Water Commission

916-820-5897