

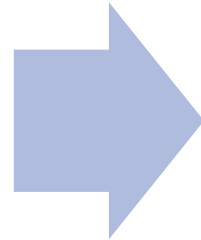
Groundwater Trading: Draft White Paper

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.

Implementing Agencies: Department of Water Resources, California Department of Fish and Wildlife, and State Water Resources Control Board

Action 3.6

Commission Timeline



Frame the Issue

- Expert Panels
- Small Group Conversations

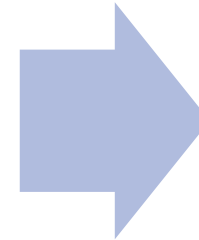
June - September 2021



Hold Public Discussions

- Localized Outreach
- Public Workshops

September - November 2021



Draft White Paper

- Present Draft
- Present Final

January - March 2022

Structure of White Paper

1. Executive Summary
2. Introduction
3. The Commission's Role and Approach
4. Current State Engagement
5. Cross-Cutting Themes: Context for Groundwater Trading Discussions
6. Considerations for Safeguarding Vulnerable Users: Concerns and Risks
7. Findings
8. Potential Next Steps for State Engagement
9. Appendix 1: Groundwater Trading Stakeholder Advisory Group Members

Introduction

- Trading as a locally-driven tool to implement SGMA
- Allocations as a necessary precursor
- State's interest and limited authority
- Box: Glossary of Terms
- Box: Status of Groundwater Trading Programs in California under SGMA



Commission's Role and Approach

- Portfolio Action, Secretaries' letter
- Limited scope
- Our process:
 - Step 1: Small-group discussions, expert panels, out-of-state conversations
 - Step 2: Stakeholder outreach, public workshops, stakeholder survey
- Working with Stakeholder Advisory Group, implementing agencies
- Box: Stakeholder Survey

Current State Engagement

- Department of Water Resources – provides assistance; regulates
- State Water Resources Control Board – serves as backstop and enforcement
- California Department of Fish and Wildlife – ensures fish and wildlife are addressed in GSPs
- California Department of Food and Agriculture – provides informational support to farmers/ranchers
- Box: Related State Actions



Cross-Cutting Themes: Context for Groundwater Trading Discussions

- Trust
- Time and information
- Accurate data and a sound GSP
- Just one tool in the toolbox
- State has a role to play
- Box: Points of Divergence
- Box: Synthesis of Out-of-State Conversations



Considerations for Safeguarding Vulnerable Users: Concerns and Risks

- Natural Resources
- Small- and Medium-sized Farm Operators
- Disadvantaged Communities



Findings

1. Safeguards for vulnerable users
 2. Characteristics of well-managed local groundwater trading
 3. Stakeholder engagement
 4. Accurate, reliable data
 5. Mechanisms for safeguarding vulnerable users
 6. Applying safeguards to protect vulnerable users
 7. Market power
 8. Oversight and enforcement
 9. Start small
 10. Scaling up
- **Box: Measuring Water Use**



Potential Next Steps for State Engagement – Group 1

1. Conduct SGMA related oversight.
2. Convene stakeholders to share information.
3. Identify and assess GSA needs.
4. Engage and support vulnerable users
5. Create digital resources and catalog available trading information.
6. Provide allocation guidance.
7. Develop Best Management Practices.



Potential Next Steps for State Engagement – Group 2

8. Examine existing authorities.
9. Create standard principles and rules.
10. Create oversight mechanisms.
11. Evaluate incentives for wetlands.
12. Support groundwater technical assistance programs for farmers.



White Paper Next Steps

- White paper is available on the Commission's website:

[Groundwater Trading draft White Paper \(ca.gov\)](#)

- Public comment is welcome through February 28th

- Public comment can be submitted to:

cwc@water.ca.gov

- Questions can be directed to:

Laura Jensen - Laura.Jensen@water.ca.gov

- Final white paper will be brought to the March 16th Commission meeting
- Public comment welcome at all Commission meetings