



Water Trading: Panel Discussion on Exploring Groundwater Trading

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. 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.

At this meeting, the Commission will hear from a panel of water managers and experts about how groundwater trading is being implemented in California and elsewhere, focusing on safeguards for vulnerable water users; stakeholder engagement; governance and oversight; and the state role in trading programs.

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.

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, Paul Gosselin, the Deputy Director for Sustainable Groundwater Management at the Department of Water Resources, will facilitate a round robin-style discussion with panelists from California and from other states. Mr. Gosselin will ask panelists a question from the list below and each panelist will be given time to respond to the question posed.

The questions that will be posed are:

1. **Introduction.** Please introduce yourself and your experience with groundwater trading programs. From your perspective, what are the essential components to setting up a successful groundwater trading program? What tools or data are needed to set up and to run a well-managed groundwater trading program?
2. **Incorporating Safeguards.** In your experience, how do groundwater trading programs ensure that water supplies for vulnerable water users – namely, communities, the environment, and smaller farmers – are protected? Is restricting what water is available for trading the only way to safeguard vulnerable water users? How is environmental water need determined?
3. **Engaging Stakeholders.** How important is stakeholder involvement in the design, testing, and on-going management of a groundwater trading program? How did you identify which stakeholders to engage? How were they engaged?
4. **Governance and Oversight.** Who runs your trading program? How do you ensure fairness and transparency? How are unintended negative consequences or complaints addressed? What enforcement mechanisms are in place?
5. **State Role.** How does or can the state enable well-managed groundwater trading? Is there specific technical assistance needed from the state? What role does or should the state play in oversight of groundwater trading?
6. **Lessons Learned.** What are the biggest lessons you've learned about running a groundwater trading program? What are the biggest challenges you've seen?

The following panelists will participate in this discussion:

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- Dr. Matthew Feinup, Executive Director, Center for Economic Research & Forecasting, California Lutheran University
- Ann Dimmitt, Integrated Management Plan Manager, Twin Platte Natural Resources District
- Marc Friberg, Executive Director of External & Regulatory Affairs, Edwards Aquifer Authority

This is an informational item.

Contact

Laura Jensen

Assistant Executive Officer

California Water Commission

916-712-7051