

# Groundwater Trading: Final White Paper



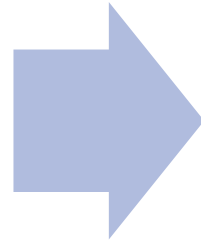
**Create flexibility for groundwater sustainability agencies to trade water within basins by enabling and incentivizing transactional approaches, including groundwater markets, with rules that safeguard natural resources, small- and medium size farms, and water supply and quality for disadvantaged communities.**

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

## Action 3.6



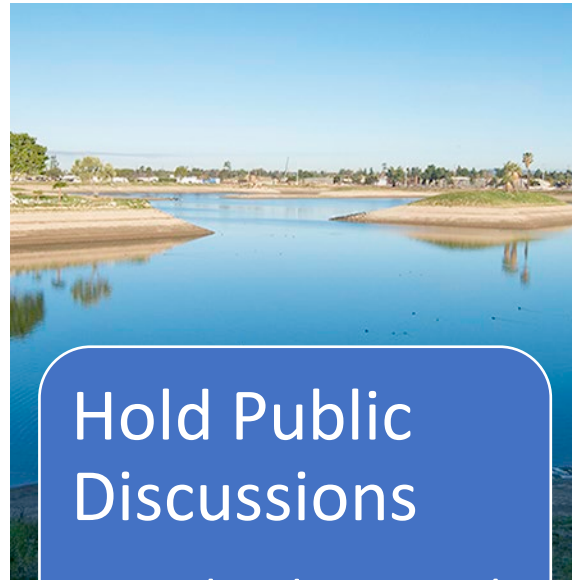
# Commission Timeline



## Frame the Issue

- Expert Panels
- Small Group Conversations

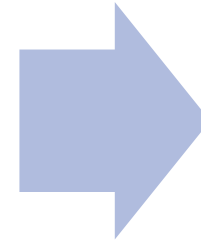
**June - September 2021**



## Hold Public Discussions

- Localized Outreach
- Public Workshops

**September - November 2021**



## Draft White Paper

- Present Draft
- Present Final

**January - May 2022**

# Structure of White Paper

1. Executive Summary
2. Introduction
3. Cross-Cutting Themes: Context for Groundwater Trading Discussions
4. Considerations for Safeguarding Vulnerable Users: Concerns and Risks
5. Findings
6. Potential Next Steps for State Engagement
7. Appendix 1: Status of SGMA Groundwater Trading Programs in California
8. Appendix 2: The Commission's Role and Approach
9. Appendix 3: Allocations
10. Appendix 4: Current State Engagement
11. Appendix 5: Synthesis of Out-of-State Conversations
12. Appendix 6: Stakeholder Survey
13. Appendix 7: Groundwater Trading Stakeholder Advisory Group Members

# Introduction

- Trading as a voluntary, locally-driven tool to implement SGMA
- Allocations as a necessary precursor
- GSPs provide foundation for trading
- State's interest and limited authority
- Box: Glossary of Terms





# 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





# 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. Identification and involvement of small- and medium-sized farms
3. Identification and involvement of disadvantaged communities
4. Characteristics of well-managed local groundwater trading
5. Proactive management
6. Stakeholder engagement
7. Accurate, reliable data





# Findings, continued

8. Mechanisms for safeguarding vulnerable users
  9. Applying safeguards to protect vulnerable users
  10. Market power
  11. Oversight and enforcement
  12. Start small
  13. Scaling up
- Box: Measuring Water Use





# Potential Next Steps for State Engagement

## – Group 1

1. Develop a workplan for implementation.
2. Conduct SGMA related oversight.
3. Convene stakeholders to share information.
4. Identify and assess GSA needs.
5. Engage and support vulnerable users
6. Create digital resources and catalog available trading information.
7. Develop best management practices.
8. Incentivize well-managed groundwater trading.
9. Evaluate incentives for wetlands.
10. Support groundwater technical assistance programs for small- and medium-sized farm operators.



# Potential Next Steps for State Engagement – Group 2

11. Examine existing authorities.
12. Create standard principles and rules.
13. Create oversight mechanisms.





# Appendices

Appendix 1: Status of SGMA Groundwater Trading Programs in California

Appendix 2: The Commission's Role and Approach

Appendix 3: Allocations

Appendix 4: Current State Engagement

Appendix 5: Synthesis of Out-of-State Conversations

Appendix 6: Stakeholder Survey

Appendix 7: Groundwater Trading Stakeholder Advisory Group Members



# Commission Decision

- Approve or approve with modifications
  - Staff will share with policymakers and the public
- Send paper back for revisions
  - Staff will make changes and bring to future Commission meeting
- Staff recommendation: approve
  - Vetted by Commission, implementing agencies, public
  - Immediately impactful for State, local agencies