The Nature Conservancy
Protecting nature. Preserving life.™

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Chair Joseph Byrne
California Water Commission
Water Storage Investment Program
Via email to: WSIPComments@cwc.ca.gov

Re: Comments on Ecosystem Benefits under Proposition 1 Water Storage Investment Program

Dear Chair Byrne:

As a proponent of Proposition 1, The Nature Conservancy (the Conservancy) continues to engage in Water Storage Investment Program (WSIP), which has a huge potential to improve California's water supply reliability while providing important public benefits proportionate to the public funds invested.

WSIP investments are obligated to provide public benefits, and at least half of those must be ecosystem benefits. As a result, the California Water Commission (CWC) is effectively administering the largest source of conservation funding in Proposition 1, with at least $1.35 billion of public investments allocated for ecosystem benefits. This is a huge opportunity to improve the integration of our water system to meet the needs of people and nature. With less than 10% of our wetlands and river habitat remaining – and recent drought impacts that are putting us at risk of permanently losing entire species of fish – the time for better integration is now. A report issued by the Public Policy Institute of California (PPIC) this summer, noted that over the past four years, funding for environmental impacts of the drought amounted to under 3% of overall state and federal expenditures. Yet, impacts of the drought continue to degrade streams, wetlands and habitat with severe impacts to fish and wildlife all around us.

The Conservancy believes that the CWC has an extraordinary opportunity to set a path towards system integration that provides a better balance in meeting environmental needs. To make this happen, the CWC needs to ensure that the ecosystem benefits portion of the WSIP results in real, tangible water resources that can provide much needed supplies, predictable environmental flows, and management actions designed to improve the health of California's unique natural resources.

COMMENTS ON ACHIEVING ECOSYSTEM BENEFITS

- Investments to provide ecosystem benefits should result in a proportionate share of the resulting water storage assets. For example, if a storage project requests 25% of the project's cost be covered by Prop 1 for ecosystem benefits, then 25% of the storage assets created by

the project should be dedicated and delivered for ecosystem benefits. These assets – including storage capacity, yield, conveyance, etc. – should be reserved for beneficial environmental management actions.

- The overall goal for ecosystem benefits should be to improve ecosystem health. This requires distinguishing between ecological objectives that provide specific, measurable, achievable, results-oriented and time-bound objectives for ecological health, as well as management objectives that reflect the best current thinking on how to achieve the ecological objectives through specific actions. The goal and ecological objectives should be set in a manner that prioritizes ecological needs based upon scientific analysis, adaptive management, and evaluation designed to increase our understanding of the biological response to management actions and help mitigate the impacts of climate change on ecosystem functions..
- In the draft guidelines, dated October 6, 2015, Section 6005(a) provides ecosystem priorities to guide investments in ecosystem benefits. These priorities consist of specific *management actions* that experts believe to be priorities for improving ecosystem function *today*. While we concur that this is a strong list of priority management actions for the present, we do not believe that fulfilling specific action items on the list are sufficient to justify public investment. Rather, project proponents should dedicate the water assets (storage, yield, conveyance, etc.) created by the storage project proportionate to the ecosystem benefit investment. These assets can then be used to deliver the management actions detailed in Section 6005(a).
- To guide management actions over time, a sufficient ecological monitoring program must be required and funded for the life of the project. Such actions will also inform adaptive management strategies to achieve intended ecological outcomes.
- To maximize ecosystem benefits, proponents of large storage projects should be required to explore opportunities to work with water managers to re-operate existing storage and conveyance facilities to increase the water system's ability to deliver management actions identified in the Section 6005(a).
- Finally, the time horizon for these projects, up to 100 years, creates a high degree of uncertainty related to ecosystem needs that will exist in the future. Only by securing water assets and ensuring adaptive management of those assets can we be sure that our investments today provide the ongoing benefits that the public intended. At a minimum, it is essential that these projects deliver significant and measureable ecological outcomes – not a series of projects where environmental outcomes simply contribute to a portfolio of enhanced environmental mitigation.

Thank you for your time and consideration.

Sincerely,

Sandi Matsumoto
Associate Director, California Water Program