



Colorado River District

Protecting Western Colorado Water Since 1937

MEMORANDUM

January 2, 2017

To: BOARD OF DIRECTORS, CRWCD

FROM: ERIC KUHN *Ek*

SUBJECT: *IBCC/ROUNDTABLE UPDATE*

1. IBCC

The IBCC's last meeting was a joint meeting with the Colorado Agricultural Water Alliance on November 29th. I haven't seen a schedule yet for the IBCC for 2017. I expect that the IBCC will continue to focus on water project financing problems and ATMs (alternatives to buy-and-dry agricultural transfers).

In late 2016, I participated in three meetings that dealt with ATMs. The Colorado Water Plan has a goal of providing 50,000 acre-feet of new supply for the Colorado Front Range through the implementations of ATMs (by 2030). The message from the agricultural community (Farm Bureau, Colorado Cattlemen, Corn Growers, etc.) was the same at all three meetings. The South Platte agricultural community is ready to have serious discussions with the Front Range on how to implement a moderate sized regional ATM. The issues will be challenging:

- First is the issue of permanency. The municipal users need a permanent supply. The agricultural representatives have suggested that the state explore a "dynamic permanency" option where a group of agricultural ditches would commit to make a certain amount of water permanent, but would have the flexibility to deliver the water from a broad number of options. The agricultural ditches would decide where the water came from based on local economic/water supply conditions.
- Second is the issue of infrastructure. A moderately sized regional ATM will require a significant investment in infrastructure to store and deliver the conserved agricultural water to the municipalities.
- Third is the question of what organization(s) will be needed to implement and manage a regional ATM? To implement an ATM that provides both a permanent supply for the Front Range municipalities and give the agricultural providers flexibility to deliver the water from a variety of various sources will require a new umbrella management agency or structure, one that doesn't exist today. Would such an agency include the customers as well as the water providers? There are numerous questions that will have to be addressed.

- Fourth, can such an aggressive ATM be economically feasible? I don't believe anyone knows the answer to this basic question. Water management on the Colorado Front Range is very balkanized. There are numerous entities (and speculators) involved. However, (and maybe soon), the ability to deliver South Platte agricultural water to Front Range municipalities through existing infrastructure and exchange potential will be very limited and very expensive. One of the options being discussed is for the state to subsidize the additional infrastructure to facilitate an ATM.

WHAT IS NEXT?

One of the possibilities would be for the CWCB to appoint a working group to explore the details. At all three meetings, there was actually discussion of two different ATM working groups. I've often pointed out that in the public debate, we often confuse the desire for an East Slope ATM where the goal is to help meet the future water supply gap on the Front Range with non-buy-and-dry agricultural transfers, with the West Slope effort. The West Slope water bank effort is a form of an ATM. One of its goals is to avoid a rush by transmountain diverters and West Slope industrial and municipal users to buy up West Slope agricultural rights in the face of a compact deficit. However, the water bank effort is not a source of new supply and we don't want it to be a source of new supply. I think there is still some debate over the need for a separate West Slope ATM working group. The water bank working group already exists. Additionally, the system conservation pilot project is going to continue for one more year.

2. Joint West Slope Roundtable Risk Study

CWCB director James Eklund is facilitating an effort to reach a consensus among the East Slope and West Slope roundtables on how to move forward with a phase II effort. We have a webinar scheduled for Wednesday January 11th (after the board packet is mailed out). There are a number of options for moving forward, but there are some difficult issues to resolve.

- A number of the East Slope entities viewed the risk study as a water availability study instead of a drought contingency/risk management study. It's true that there was some sticker shock with the results. The study showed that at today's level of development and today's reservoir storage levels, if we're to enter into another 2000-2004 or 1950s drought, it would take over a million acre-feet of demand management (consumptive use cutbacks) to maintain Lake Powell above minimum power. This is a condition we need to be prepared for. It is NOT a prediction.
- Several question that we've proposed to include in the phase II scope of work look a lot like compact administration and therefore should be addressed by the CWCB/State Engineer's office, not the West Slope risk study. Examples are: the Gunnison Basin roundtable wants to know the impacts on each major basin if the demand management water were to be provided by using the appropriation doctrine (cutting back uses based on priorities). Similarly, the Yampa/White roundtable wants to know the impact on each major basin if the demand management water were to be provided in the same proportion as each major basin's natural flow contribution at the state line. Additionally, answering these

question requires coupling the CRSS model, which does a good job of simulating the operation of the big system reservoirs. However, for specific questions about what happens within the basin, we need to couple with the CDSS (state-mod).

The reality is that these questions are similar to compact curtailment because one of the options on the table is that if a voluntary compensated program does not work (not enough volunteers or not enough money), then a state administered “pre-curtailment curtailment” is possible.

- From the discussions I’ve had with both the West Slope roundtables and the West Slope caucus, we want to remind the East Slope that this study is a follow-up action based on principle #4 of the framework (which is a part of the state water plan). Principle #4 contemplates a “collaborative program to avoid an involuntary compact curtailment, protect existing uses plus a reasonable increment of new West Slope uses.” It was always contemplated that the four West Slope roundtables would have an internal discussion as to what is “reasonable.” There are trade-offs between a reasonable increment of new uses and the cost of protecting existing uses.

There are also some strong views that it’s not appropriate for the East Slope roundtables (and Front Range Water Council) to be dictating what the West Slope roundtable should be or should not be studying as they prepare to have the discussions/negotiations contemplated by the framework.

The bottom line is that the West Slope roundtables (through the chairs) are willing to discuss with the East Slope moving forward with phase II in a consensus manner. However, if needed, they will ask the River District and Southwestern District to move forward with the study without formal state participation.

REK/ldp

