



BOARD POLICY

**Approved by the CAWCD Board
June 6, 2019**

CAWCD COMPENSATED CONSERVATION PROGRAM POLICY

CAWCD has developed the CAWCD Compensated Conservation Program (“Program”), as described below, as a potential tool to support the AZ DCP Implementation Plan, and more specifically, the NIA Mitigation Agreement among CAWCD, City of Chandler, Gila River Indian Community, Town of Gilbert, City of Glendale, City of Mesa, City of Phoenix, City of Scottsdale and City of Tempe.

Background: On November 15, 2018, the CAWCD Board authorized the creation of a compensated conservation program to obtain necessary quantities of mitigation water for the AZ DCP Implementation Plan, at a cost of up to \$60 million, to be included in CAP Fixed OM&R rates. As development of the AZ DCP Implementation Plan progressed, the concept of using all or a portion of up to \$60 million to pay CAP NIA priority users for DCP reductions to their NIA priority entitlements, in lieu of wet water delivery, emerged. The NIA Mitigation Agreement provides that CAWCD may, in its discretion: (i) use up to \$60 million to compensate CAP NIA Priority users for reductions to their NIA Priority supplies resulting from DCP contributions (compensated mitigation); and/or (ii) seek to enter into compensated conservation agreements with CAP M&I and Indian Priority contractors, to develop wet water supplies for NIA mitigation (wet water NIA mitigation).

Overview: The Program establishes a voluntary, transparent and competitive process for CAWCD to solicit proposals from CAP M&I and Indian Priority contractors and subcontractors who are willing to reduce historic, beneficial consumptive use of their CAP entitlements for compensation by CAWCD. CAWCD will apply the compensated water use reductions to: (i) satisfy a portion of CAWCD’s DCP contribution in the year of creation; or (ii) create ICS for deployment during the Program Term as wet water NIA mitigation or satisfaction of a portion of CAWCD’s DCP contribution.

Term and Annual Process: The term of the Program runs from adoption through 2025.

Each September during the term of the Program, CAWCD will determine a target volume for compensated conservation for the following year and issue a request for proposals (“RFP”) to achieve that target. CAWCD’s target volume will be based on, among other things, the anticipated shortage for the following year, anticipated orders for the following year and planned deployment of other mitigation resources. CAWCD may decide to set the target at zero for years when the Lower Basin is not in a Tier 1 or deeper shortage. The RFP will outline the terms and timing for the submittal of responses and award of contracts.

Program Eligibility Criteria: Any CAP subcontractor or contractor holding an entitlement to CAP water with a priority senior to CAP NIA Priority water is eligible to participate in the Program. CAWCD will establish a baseline volume for each proponent, which will be the average of the proponent’s highest water use in 3 out of the 5 previous years. The proponent’s proposed conservation volume will be deducted from the baseline. The calculation of the baseline will include any volumes of conservation created pursuant to conservation programs during the previous 5 years.

Selection Criteria: CAWCD will use low cost as the primary criteria for selection of qualified proposals.