



# United States Department of the Interior

BUREAU OF RECLAMATION  
P.O. Box 61470  
Boulder City, NV 89006-1470



IN REPLY REFER TO:

LCB-4000  
2.2.4.23

VIA ELECTRONIC & OVERNIGHT MAIL

Interested Parties

Subject: Funding Opportunity for Voluntary Participation in the Lower Colorado Conservation and Efficiency Program

Greetings:

The purpose of this letter is to follow-up on the Department of the Interior's September 22, 2022, announcement of additional steps to address drought in the Colorado River Basin (<https://www.usbr.gov/newsroom/news-release/4338>). The Department of the Interior (Department) through the Bureau of Reclamation (Reclamation) is creating this new Lower Colorado Conservation and Efficiency Program (LC Conservation Program) to increase system conservation and efficiency opportunities to address the unprecedented drought in the Lower Colorado River Basin. Similar conservation programs in the Upper Colorado River Basin and other basins experiencing comparable levels of long-term drought are also being developed. The new LC Conservation Program is a part of the commitment made by the Department on August 16, 2022, to address the drought crisis with prompt and responsive actions and investments to ensure the entire Colorado River Basin (Basin) can function and support all who rely on it.

Prolonged drought and low runoff conditions accelerated by climate change have led to historically low water levels in Lakes Powell and Mead. Over the last two decades, Department leaders have engaged with Basin partners on various drought response operations. However, given that water levels are projected to continue to decline, additional action is needed to protect the Colorado River System and prevent the reservoirs from falling to critically low elevations threatening water deliveries and power production. Reclamation is using the best available science and actively collaborating with water users across the Basin to determine the best ways to meet this increased conservation need. The historic funding committed by the Biden-Harris Administration in the Bipartisan Infrastructure Law and the recently passed Inflation Reduction Act provide resources for water management and conservation efforts in the Basin and other basins experiencing comparable levels of long-term drought. The Department will continue to deploy these resources in the Lower Colorado River Basin with this LC Conservation Program.

The LC Conservation Program is intended to provide new opportunities to fund system conservation and efficiencies in the Lower Colorado River Basin that lead to additional conservation and bridge the immediate need while moving toward improved system efficiency and more durable long-term solutions for the Colorado River system.

The LC Conservation Program has three components:

- 1.a.) Beginning immediately, Reclamation is accepting proposals for system conservation resulting in additional volumes of water remaining in Lake Mead at a set price of:

- One-year agreement: \$330 per acre-foot
- Two-year agreement: \$365 per acre-foot
- Three-year agreement: \$400 per acre-foot

This program will require a system conservation agreement with Reclamation and is similar to previous system conservation efforts in Lower Colorado River Basin under the Pilot System Conservation Program and system conservation under the Lower Basin Drought Contingency Plan. Lower Colorado River water delivery contract or entitlement holders and Central Arizona Project water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program. We request this first round of 1.a. proposals be submitted no later than November 21.

- 1.b.) Additionally, beginning immediately, Reclamation will accept the first round of proposals describing Lower Colorado River Basin water conservation plans that can be implemented resulting in reductions in consumptive use of lower Colorado River water having a recent history of use. The proposals will include a price per acre-foot; economic justification for the price; plan description; proposed conservation amount; verification methodologies; approximate time frame for startup and the plan duration. The proposal must meet the requirements enclosed with this letter (Enclosure). Plan proposals that reduce Colorado River consumptive use based on new or innovative concepts and collaboration among partners is encouraged. Colorado River water delivery contract or entitlement holders and Central Arizona Project water delivery contract or entitlement holders are eligible to apply. We request this first round of 1.b. proposals be submitted no later than November 21.

- 2) In early 2023, Reclamation will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive and ranking factors will include: the amount and timing of water conserved in Lake Mead; the duration of the conservation; and previous participation in existing conservation programs and/or the LC Conservation Program described in 1.a. and 1.b. above with emphasis placed on participation in 1.a. conservation.

The Department encourages participation under this voluntary LC Conservation Program to minimize any reductions in the future. If you are interested in participating in the 1.a. or 1.b. component of the LC Conservation Program, submit your proposal electronically by November 21, 2022, to:

Daniel A. Bunk  
Chief, Boulder Canyon Operations Office  
Email: [dbunk@usbr.gov](mailto:dbunk@usbr.gov).

To the extent permissible by applicable law, proposals will remain confidential until plan agreements are executed to preserve the competitive nature of the selection process.

Should you have questions regarding the LC Conservation Program, or wish to discuss plan concepts, please contact Daniel Bunk at 702-293-8013 or [dbunk@usbr.gov](mailto:dbunk@usbr.gov). Individuals in the United States, who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or Tele Braille) to access telecommunication relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

Sincerely,

Jacklynn L. Gould, P.E.  
Regional Director  
Interior Region 8: Lower Colorado Basin  
Bureau of Reclamation

## **ENCLOSURE 1**

### **Requirements for Lower Basin System Conservation and Efficiency Project Proposals**

**Purpose:** The Lower Colorado River Basin System Conservation and Efficiency Program (LC Conservation Program) is intended to provide new opportunities for system conservation in the Lower Colorado River Basin that also lead to additional conservation and bridge the immediate need while moving toward improved system efficiency and more durable long-term solutions for the System. The Bureau of Reclamation is requesting proposals describing Lower Colorado River Basin water conservation projects that can be implemented resulting in reductions in consumptive use of Colorado River water having a recent history of use. Colorado River water delivery contract or entitlement holders and Central Arizona Project (CAP) water delivery contract or entitlement holders are eligible to apply. The conserved Colorado River System water will not accrue to the benefit or use of any individual Colorado River water user.

#### **Proposal and Selection Requirements:**

##### **Proposal Requirements**

##### **System Conservation Program Under a Set Fixed Price (Program 1.a. in Letter)**

The LC Conservation Program fixed-priced 1.a. proposals must include the following information:

- Plan description.
- The amount of Colorado River System water to be conserved per year and over the life of the proposed plan.
  - System water conserved shall be based on a history of use (not entitlement); this criterion will be reviewed on a case-by-case basis.
- Methodology for estimated consumptive use reduction and supporting information that documents the estimate.
- Description of how the proponent will verify and document the consumptive use reduction on an annual or more frequent basis, as appropriate.

We request this first round of 1.a. proposals be submitted no later than November 21, 2022.

##### **Proposals for System Conservation (Program 1.b. in Letter)**

The LC Conservation Program fixed-priced 1.b. proposals must include the following information:

- Plan description.
- The amount of Colorado River System water to be conserved per year and over the life of the proposed plan.
  - System water conserved shall be based on a history of use (not entitlement); this criterion will be reviewed on a case-by-case basis.
- Methodology for estimated consumptive use reduction and supporting information that documents the estimate.
- Description of how the proponent will verify and document the consumptive use reduction

on an annual or more frequent basis, as appropriate.

- Amount of time required to implement the conservation plan and the plan duration.
- Estimated cost per acre-foot of conserved water (on either an annual basis or other proposed period of plan operation) and economic explanation of the proposed cost.
- Description of how the proposed plan will ensure that the amount of conserved water to remain in Lake Mead will not be ordered by other entitlement holder(s), for example, through third party consents or forbearance agreements.
- Any additional information deemed helpful to explain and aid understanding of the proposal.

We request this first round of 1.b. proposals be submitted no later than November 21, 2022.

### **Selection Criteria**

#### **System Conservation Program Under a Set Fixed Price (Program 1.a. in Letter)**

Reclamation will select proposals on the basis of how well they meet the following requirements. In developing your proposal, please keep in mind:

- Only Colorado River water delivery contract or entitlement holders and CAP water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program.
- Entities and/or individuals will need to collaborate with Reclamation and other water entitlement holders in your state to ensure that the conserved water is not ordered for delivery and that it remains in Lake Mead.
- In early 2023, the Department will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive, and ranking will occur on factors including: the amount and timing of water conserved in Lake Mead; the duration of the conservation; and previous participation in existing conservation programs and/or this LC Conservation Program.

#### **System Conservation (Program 1.b. in Letter)**

Reclamation will select proposals on the basis of how well they meet the following requirements. In developing your proposal, please keep in mind:

- Only Colorado River water delivery contract or entitlement holders and CAP water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program.
- The proposal review and evaluation process is competitive; ranking will occur on the amount and timing of water conserved in Lake Mead, the cost per acre-foot, feasibility in verifying and accounting for water conserved in Lake Mead and evaluating the uniqueness of testing new approaches for creating conservation.
- Entities and/or individuals may have already committed financial and other resources to water use plans for calendar years 2022 and 2023. In such cases, we are flexible regarding plan initiation.
- Entities and/or individuals will need to collaborate with Reclamation and other water entitlement holders in your state to ensure that the conserved water is not ordered for delivery and that it remains as system conservation in Lake Mead.
- In early 2023, the Department will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive, and ranking will occur on factors including: the amount and timing of water conserved in Lake Mead; the duration of the system conservation; and previous participation in existing

system conservation programs and/or this LC Conservation Program.

**Other Information:** Participants will be required to execute a System Conservation Implementation Agreement (SCIA) with Reclamation containing terms and conditions for the design, implementation, monitoring, evaluation of the LC Conservation Program plan, and compensation to the entitlement holder proposing the plan, and setting forth the obligations of the parties. By entering into a SCIA, the participant grants access to Reclamation to perform periodic on-site inspections of system conservation plan. Participants must be in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of the SCIA. Reclamation's annual Colorado River Accounting and Water Use Report: Arizona, California, and Nevada will serve as the basis for documenting the amount of system conservation achieved under the LC Conservation Program.